

# RMM

ResourceManagement

3rd Quarter 2009  
PB48-09-3

THIS ISSUE'S FOCUS

## Strategic Financial Management

INSIDE  
THIS ISSUE:

- 2** Exploring the Combat  
Potential of Financial  
Managers
- 19** Army Leaders Optimistic  
About Future of the Army

RM

*This medium is approved for official dissemination of material designed to keep individuals within the Army knowledgeable of current and emerging developments within their areas of expertise for the purpose of professional development.*

By order of the Secretary of the Army:

**George W. Casey, Jr.**

GENERAL, UNITED STATES ARMY  
CHIEF OF STAFF

ADMINISTRATIVE ASSISTANT TO  
THE SECRETARY OF THE ARMY

**Joyce E. Morrow**

**DISTRIBUTION:**

Deputy Assistant Secretary of the  
Army (Financial Operations) and  
Senior Official, John J. Argodale

MANAGING EDITOR, THE PENTAGON

**Patricia M. Hughes**

DESIGN/LAYOUT,  
ARMY PUBLISHING DIRECTORATE



**RESOURCE MANAGEMENT** is an official professional Bulletin published quarterly and sponsored by the Assistant Secretary of the Army for Financial Management and Comptroller. Unless otherwise noted, material may be reprinted provided the author and RM are credited. Views expressed herein are those of the authors and not necessarily those of the Department of the Army or any element thereof. RM provides a forum for expression of mature, professional ideas on the art and science of Resource management. It is designed as a practical vehicle for the continuing education and professional development of resource managers through thought-provoking articles. Send all correspondence to: Managing Editor, Resource Management, Comptroller Proponency Office, Office of the Assistant Secretary of the Army (Financial Management and Comptroller) ATTN: SAFM-PO, 109 Army Pentagon, Washington, DC 20310-0109. Queries may be made by phone to DSN 222-7414 or commercial (703) 692-7414. Please send a copy of each submission to Managing Editor, SAFM-PO, ASST SEC ARMY FIN MGT, 109 ARMY PENTAGON, Washington, DC 20310-0109.

**POSTMASTER:** Please send address changes to Managing Editor, Resource Management, Comptroller Proponency Office, Office of the Assistant Secretary of the Army (Financial Management and Comptroller) ATTN: SAFM-PO, 109 Army Pentagon, Washington, DC 20310-0109.

# RM

## ResourceManagement

3rd Quarter 2009  
PB48-09-3

### INSIDE THIS ISSUE:

- 2 Exploring The Combat Potential of Financial Managers as Expeditionary Bankers In The Contemporary Operating Environment
- 8 BC 36 Proponency Corner:
- 10 Functional Chief Representative (FCR) Corner
- 11 Financial Management "Cost Warriors" Push Forward with 36 Merger
- 15 CPI: A Closer Look
- 16 The Innovative Edge
- 16 Powering Down – A Transition to Budget Based Operations

### Army Day 2009

- 19 Army Leaders Optimistic About Future of the Army
- 21 Institutional Adaptation and the Resource Manager
- 24 GFEBS Focuses On Exceeding Its Goals
- 26 Manpower Modeling, Concept Plan Guidance, and Manpower Actions
- 28 Army In-sourcing
- 30 DoD Civilian Expeditionary Workforce
- 31 CFO Academy



## Exploring The Combat Potential of Financial Managers as Expeditionary Bankers In The Contemporary Operating Environment

By Major Cody L. Zilhaver

At the operational level of war, during stability operations, little is done to link strategic and tactical economic objectives together. Using the host nation banking system, the operational commander can nest economic objectives in a coordinated line of effort. Consequently, operational commanders should leverage the untapped potential of their uniformed financial managers to orchestrate economic objectives by cultivating the host nation banking system as a framework to strengthen economic security and synchronize cash payments within an area of operation. Following this methodology, operational commanders can leverage the non-lethal effects provided by financial managers as an offensive capability instead of exclusively employing financial managers in traditional sustainment roles. While critics may argue the U.S. Treasury is better suited to develop the host nation banking system this paper will illustrate that security constraints, insufficient capacity, and command bifurcation significantly hamper the U.S. Treasury's ability to achieve operational level economic objectives.

In March 2009, the Department of Defense conducted a first-of-its-kind economic war game at Fort Meade, Maryland. This exercise illustrated the effects of simulated economic battles between America and potential adversaries. At the conclusion of the exercise, participants discovered the U.S. lacks a synchronized approach to managing economic and lethal warfare. Economic tools are used across the range of military operations to accomplish U.S. objectives. Sanctions and embargos are fundamental economic components of national power used to achieve strategic objectives. Condolence payments for non-combatant deaths and micro-grants to host nation entrepreneurs are economic tools that achieve tactical objectives by building goodwill and regenerating local businesses in an area of operation. At the operational level, however, little is done to link strategic and tactical economic objectives together.

Using the host nation banking system, the operational commander can connect tactical, operational, and strategic economic objectives in a coordinated economic line of effort. Consequently, operational commanders should leverage the untapped potential of their uniformed financial managers to orchestrate economic objectives by cultivating the host nation banking system as a framework to strengthen economic security and synchronize cash payments within an area of operation. As the banking structure matures, commanders should incrementally remove cash as the primary medium of payment and implement electronic commerce to further enhance security and leverage a forensic accounting capability.

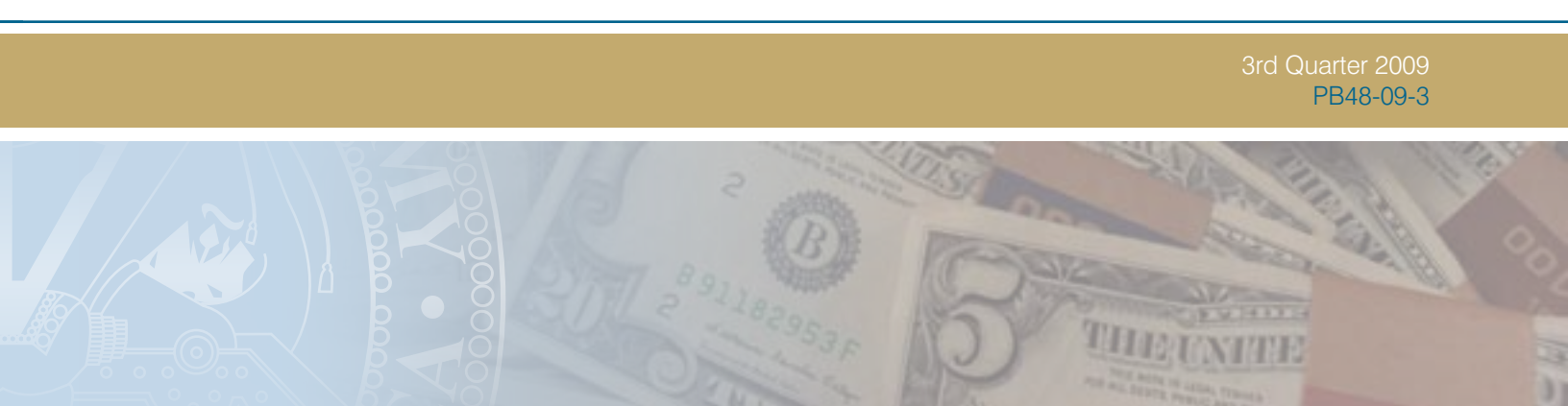


*Captain Donald Herzog, Commander of D Detachment 106th Finance Battalion works with an Iraqi Bank Manager in the vault of a branch of Rasheed Bank at Kirkuk, Iraq in November 2004.*

Operational commanders executing stability operations can target economic objectives by accomplishing five sequential steps in the host nation banking system. First, physically secure the banks. Second, embed financial managers to mentor bank employees to increase efficiency and utility of the banking system. Third, use the banks to disburse local currency for U.S. payments to vendors and citizens. Fourth, leverage the banks to track currency found with insurgents to discover financial links. Fifth, as conditions permit, upgrade the capacity of the banking system to include electronic banking. This last step will amplify physical security by removing cash from the area of operation, encourage foreign investment by moving the banking system toward international standards, and further enable the U.S. to leverage forensic accounting by observing fund flow to suspected enemies. Successfully accomplishing these steps will achieve objectives along the operational commander's economic line of effort.

Joint publications describe a line of effort as a conceptual "line





connecting multiple tasks and missions, using the logic of purpose, to focus efforts toward establishing operational conditions.” While stability operations are defined as:

Various military missions, tasks, and activities conducted outside the United States in coordination with other instruments of national power to maintain or reestablish a safe and secure environment, provide essential governmental services, emergency infrastructure reconstruction, and humanitarian relief.

As part of a joint force, the Army is often responsible for financial oversight during large-scale military operations. Therefore, Army financial management (FM) doctrine will provide the skeleton to flesh out the combat potential of expeditionary banking against the backdrop of stability operations in Iraq.

Counterinsurgency operations in Iraq have given the Army a renewed appreciation of the benefits of applying non-lethal capabilities. FM doctrine and military commanders, however, have not leveraged the combat potential of financial managers as a non-lethal capability. The Army traditionally uses FM units for sustainment purposes only. Joint and service FM doctrine does not address specifically, any tasks regarding supporting host nation banks. Instead, FM doctrine distills down to tasks including military and travel pay, cash management, accounting, establishing financial policy, and resource management. Banking liaison is also part of Army FM doctrine, but only to the extent of financial managers coordinating with U.S. and foreign banks for the benefit of the military, not the host nation. For example, financial managers can establish a bank account in a foreign country for the specific purpose of obtaining local currency to pay military members, local vendors, and civilian employees.

The Army has yet to realize the potential of reenergizing the host nation banking system as a nested objective under a larger economic line of effort. Army Field Manual 3-24 Counterinsurgency acknowledges, “gaining the initiative during an insurgency requires counterinsurgents to secure the local populace and provide for essential services”. However, it admits “many commanders are unfamiliar with the tools and resources required for promoting economic pluralism”. Commander’s financial managers serve as an untapped resource, with the functional expertise ready for commitment. Just as an artillery unit shapes the battle space with operational fires, financial managers can embed within host nation banks to shape the economic environment for the operational commander.

The first step in shaping the economic environment during stability operations is to secure the banks to maintain control of cash and mitigate potential unrest. In Iraq, looters heavily pillaged banks after the 2003 invasion, stealing millions in cash, destroying bank records, and ruining infrastructure at the Central Bank and branch offices of

the state owned Rasheed and Rafidain banks that controlled 90% of the Iraqi banking industry. Just two of the 170 Rafidain branches remained open and nearly a billion in cash was withdrawn on the eve of war leaving Iraq nearly bankrupt. Cash-based economies need currency to operate; without it, the financial system will grind to a halt.

Cash-based economies provide unique security challenges that the operational commander must address. For example, Iraq uses its state owned banks to pay uninsured cash salaries and pensions to government employees. The government must transport cash from the Central Bank to numerous local banks. This vulnerable distribution system presents a tempting target for cash strapped insurgents and looters. Baghdad holds the world record for the two largest cash heists in history: Saddam Hussein committed the first when he emptied \$800 million from the coffers of the Central Bank in 2003; the second occurred in 2007 when thieves took \$282 million from the Dar al-Salam bank in Baghdad. Amplifying the extent of theft, Iraq does not insure funds through an organization like the Federal Deposit Insurance Corporation does in the U.S. When banks lose cash, they also lose the means to make payments and therefore, citizens may lose faith in their government and unrest often ensues.

U.S. forces produced mixed results working with Iraqi banks underscoring the importance of commanders maintaining control of the financial institutions. Analysts discovered that “some U.S. commanders walked into banks and demanded piles of cash from government payrolls to pay for local cleanup projects.” This had the unintended effect of taking money away from government employees. General Petraeus shares a more positive story about one Iraqi banker in Mosul who was able to keep a large amount of cash for government salaries from being looted; however, he was unwilling to disburse the funds until authorized. Since the Iraqi Ministry of Finance was defunct, authorization never came. General Petraeus ultimately convinced the banker to disburse the cash to the employees and mitigated a potentially dangerous situation.

A few financial managers in Iraq recognized FM units could be used in novel ways to help achieve operational objectives. The 230th Finance Battalion (FB) and later the 106th FB from 2003-04 seized the opportunity to reinforce the local economies in Tikrit and Kirkuk. They “resuscitated looted banks, facilitated salary and pension distributions for government employees, audited the books, recommended cash handling procedures, planned bank renovations, ordered automation equipment, implemented computer training, and secured funds seized in raids.” These financial managers rebuilt five local banks and simultaneously instilled the citizens’ confidence in their government. The results of this initiative were valuable at the tactical level; however, operational level commanders could use

*continued on pg. 4*

and further develop this model during future stability operations to achieve operational economic objectives. These examples served to strengthen the economy, add credibility to the host nation, and underscored the positive influence of U.S. forces.

Operational commanders have the resources to proliferate this model throughout the area of operation. Financial managers can be embedded into the secured host nation banking system and provide technical assistance and mentorship to banking personnel at all levels. Financial managers can help bankers reestablish and streamline operations by making procedures more efficient thereby accentuating the reliability of the government to provide a secure banking system. Financial managers are already the Army's bankers. They store, account, disburse, collect, and transport millions of dollars and foreign currency in deployed environments every day. These tasks performed by financial managers today are the same tasks performed by host nation bankers in Iraq. Therefore, financial managers are ideal to mentor host nation bankers.



Once financial managers strengthen the host nation banking system, the operational commander can use the banks to synchronize economic objectives. Three years following the massive U.S. led objective to distribute a new dinar across Iraq, the Army continued to pay Iraqi vendors with U.S. dollars because of stipulations from Multi National Force-Iraq Joint Contracting Command. Consequently, the U.S. paid millions of dollars to print and distribute the new Iraqi dinar to help establish a stable host nation economy, but ironically continued to pay Iraqi vendors and citizens with billions of U.S. dollars. Instead, had these payments been made in Iraqi dinar, the legitimacy of the currency would be reinforced

while reducing the amount of U.S. dollars in the area of operation. Common use of U.S. dollars in an area of operation has considerable potential destabilize the supported nation's economy and undermine U.S. economic objectives.

Paying contracts in local currency at secure host nation banks add security to the inherently risky cash transaction. Payment methods used today by financial managers include requiring local vendors to be paid at finance offices inside U.S. bases. This process unnecessarily exposes U.S. forces to intelligence gathering efforts by potential insurgents, or their supporters, since most finance offices are well inside the secure parameter. It also forces the vendor to leave the base with large amounts of cash making the vendor a target for robbery and possibly serious injury or death. A second approach widely used, is funding a U.S. paying agent who delivers cash directly to the local vendor at his place of business or residence. This manner exposes both the paying agent and the vendor to the same risk described previously. A recent example from April 2009 in Iraq involved several insurgents launching grenades at a U.S. patrol disbursing micro-grants. The result was four casualties including one American.

The amount of these payments to a vendor can range from hundreds to thousands of dinar. A large container may be required to haul off the cash depending on the exchange rate and available assortment of currency denominations. If vendors were paid at host nation banks, their funds could be deposited into an account keeping the cash secure. When vendors need cash, they could withdraw only what they need, keep the remaining funds at the bank, and reduce the risk of losing all their money from theft. The vendor could also transfer cash at the bank from one account to another to pay for goods and services and reduce risk even further.

Making payments through host nation banks leverages the Army's immense purchasing power that can encourage vendors and citizens to depend on their own financial system to steer the country toward economic stability. "Between 2003 and 2008, Army FM units in Iraq purchased from or made payments to Iraqis for goods and services worth nearly \$7 billion in cash. Including the nearly \$12 billion of cash seized from the previous regime tendered to the Iraqi government, the total reaches \$19 billion in cash introduced by the Army into the Iraqi economy. Factoring in the second and third order effects of spending all this cash in the Iraqi economy, this sum represents approximately 20 percent of official Iraqi gross domestic product from 2003 to 2007." Instead of financial managers making these payments directly, the Army's spending in Iraq should be channeled through the Iraqi banking system under the mentorship of the embedded financial managers. This would leverage the funding flow to serve as the conduit to breathe life into the banking system.



The operational commander, using financial managers, can further leverage banks to inject funds at targeted locations through micro-grants and loans to foster the growth of small businesses. "One of the key lessons from the transition experience in the years following the dissolution of communism in Eastern Europe is that small business development is critical to sustainable growth generating as much as two-thirds of all new jobs."

The Army recognized that using "money as a weapon" has proved valuable in Iraq. One such example is the Commander's Emergency Response Program (CERP) that serves as a tool to spread goodwill and win the loyalty of the local nationals. CERP payments are made to Iraqis for a variety of reasons including condolence payments for killed or injured civilians, property damage reimbursement, and medical supplies. CERP also funds the creation of new jobs to put unemployed people back to work. This allows the citizens to provide for themselves and their families, which makes them less likely to join insurgents for economic reasons.

CERP has benefits, but it is not without problems. In 2009, the Special Inspector General for Iraq Reconstruction (SIGIR) discovered that 51 of 173 CERP projects were missing key documents. A separate audit discovered that the U.S. could not account for \$135 million of CERP funds. Compounding these issues was the "rapid and large influx of independent funding sources [external to CERP] that precluded synchronization of projects and fostered an atmosphere of haphazard reconstruction." In one case, U.S. forces paid Iraqi day laborers \$8 a day while an adjacent unit paid \$10 at the same time. This caused internal competition among U.S. forces and unnecessarily drove the cost of day labor higher. Potential for this type of conflict is not insignificant when considering that in 2007 nineteen brigades simultaneously disbursed CERP funds across Iraq with reporting channels for these payments to four separate staff directorates of Multi National Corps-Iraq (MNC-I).

If financial managers are embedded throughout the host nation banking system they can address these issues. CERP payments made in local currency through host nation banks would facilitate document auditing and cash accounting. Bankers disbursing CERP payments would retain the documentation for the embedded financial managers to audit. It is easier for financial managers to account for cash at banks instead of tracking hundreds or even thousands of paying agents scattered throughout the area of operation. Recent analysis showed that the number of outstanding paying agents in Iraq and Afghanistan ranged from 433 to 2257 holding \$36 to \$81 million with few controls to track, audit, or account for payments. Using banks has the added benefit of freeing line commanders from the responsibilities to store, account, and audit cash. This helps the commanders to focus their limited resources on accomplishing their assigned tasks. Since cash management, accounting, auditing are

core competencies of financial managers they are ideal to facilitate this program with Iraqi bankers.

Using programs like CERP to infuse cash into an area of operation is a quick method to stimulate an economy. However, it comes with significant risk that operational commanders must understand. Cash is a target for insurgents because the funds fill their coffers to pay for weapons, recruits, and bribery of corrupt officials. Military analysis shows that insurgents in Iraq are obtaining up to \$200 million a year through criminal activities. It is highly probable that cash paid by U.S. forces found its way into the hands of insurgents. For example, insurgents coerced local national vendors in Al Anbar to pay for protection services for the vendor's employees and equipment. One vendor noted, "If I fill gravel in Hesco bags within the confines of the International Zone I charge about \$16,000. However, if I perform the same job in Ramadi or Fallujah the cost is \$120,000 with \$100,000 of that going to the Mujahideen."

Leveraging banks to pay vendors increases security to the payment process and provides the opportunity for the operational commander to engage the insurgency through a new conduit. Army Field Manual 3-24 reminds us that "controls and regulations that limit the movement and exchange of funds attack insurgent financial vulnerabilities." Cash flowing through banks provides a serial number audit trail that financial managers can use to track funds. If an insurgent has cash, investigators can potentially follow the trail to a particular vendor paid by an Iraqi bank.

Ultimately, financial managers should upgrade host nation banking capacity to accept electronic banking. Introducing the citizens to electronic commerce is a cumbersome task, but it allows the U.S. to efficiently monitor the manner in which local nationals make payments and collections. Consequently, it places a U.S. critical capability of forensic accounting against a critical requirement of the insurgent's insatiable quest for financing. The U.S. has proven extremely adept at cutting off insurgent funds by placing an electronic stranglehold on bank accounts of suspected terrorists. At the early stages of Operation Enduring Freedom, President Bush issued an executive order targeting bank accounts. He commented "the first shot of the war was when we started cutting off their money, because an al-Qaeda organization can't function without money." Within the first year of the program, over \$4 billion of terrorist assets were frozen.



*continued on pg. 6*





*Financial managers from the 106th FB along with an infantry squad escort an Iraqi bank manager to a local bank at Hawija, Iraq in 2004.*

Upgrading a cash-based economy to accept electronic banking is a significant challenge. Cultural differences and infrastructure limitations may hamper economic development. This underscores the importance of the operational commander accomplishing economic objectives with mutually supporting parallel lines of effort. For example, information operations that build confidence in host nation banks and the reconstruction line of effort that restores electric plants that power the banks must support the economic line of effort. Moreover, nation building is not quickly accomplished. A recent study by the Rand Corporation analyzed seven U.S. nation building experiences including post World War II Germany and Japan to other more recent cases. None of these operations took less than seven years to complete.

Today's technological advances in automation and communication may hasten the pace of increasing banking capacity. Recent initiatives in mobile banking that use telecommunication devices to allow account holders to view account balances, payments, deposits, withdrawals, and transfers enable the account holder to conduct financial transactions from outside the bank. Financial managers and banks can pay a vendor electronically without requiring the vendor to visit the bank for payment. In Afghanistan, "a country with no electronic payroll system and only a fledgling banking sector, telecommunications giant Vodafone created a system that allows businesses and ordinary Afghans to transfer money via their mobile handset." Although, this initiative may prove more difficult during other future operations, the Eagle Cash Card is another option that has some of the same benefits.

Today, the Army reduces cash in an area of operation by using the Eagle Cash Card. This form of electronic payment used by U.S. forces leverages a card that when placed in a kiosk with a personal

identification number transfers funds from the service members bank account to the card that can in turn, be used to pay for goods and services like a debit card. A similar system can be set up for host nation use as an intermediate step between a cash-based and electronic economy.

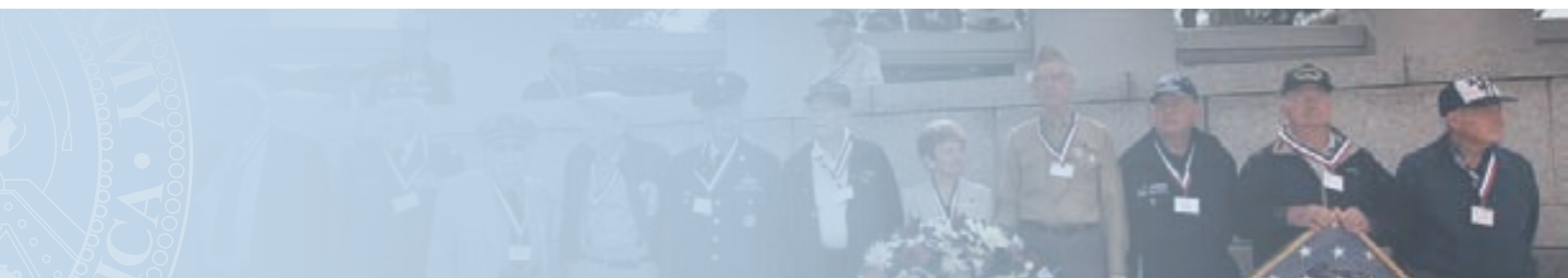
The Financial Management Center (FMC) is the organization that coordinates the implementation of the Eagle Cash Card. One issue hampering the FMC is command and control. The FMC responsible for both Iraq and Afghanistan works from Kuwait. The chain of command for the FMC is external to MNF-I and the International Security Assistance Force (ISAF). Therefore, the technical knowledge and capability that resides in the FMC is outside of the operational commander's organization.

Critics may argue that strengthening host nation banks during stability operations is not a critical requirement. Further, if required, the U.S. military is ill-suited to rebuild a banking system. Instead, the U.S. Treasury working with nongovernmental organizations such as the World Bank and International Monetary Fund (IMF) can create the best banking environment for the operational commander. These organizations have the knowledge to establish or strengthen banking structure, develop standardized banking policy, train leaders in the banking industry how to run a centralized banking system, and encourage foreign investment through robust global information campaigns. Consequently, the U.S. Treasury can bring influential economic capabilities to bear for the operational commander.

In 2003, the U.S. deemed the Saddam dinar inappropriate for Iraq to use and introduced a new currency to help restore Iraqi faith in the national economy. The U.S. Treasury hired a retired Army brigadier general from the financial management ranks, who orchestrated the distribution of the new dinar from the Central Bank of Iraq to 243 branch banks across the country. To accomplish this task, however, the U.S. Treasury, working under the Coalition Provisional Authority (CPA), contracted a 700 man force from Global Risk Strategies to provide security during the cash distribution. The cost of this contract was \$27 million. Comparatively, in 2007, without the aid of contracted security, financial managers transported \$1.5 billion in cash from vaults in Germany to Iraq and Afghanistan. Once the cash arrived in theater, financial managers further distributed the cash to over 175 locations throughout the area of operation.

The lack of organic security significantly hinders the U.S. Treasury during hazardous conditions that often exist during stability operations. From 2003-2008 in Iraq, the U.S. suffered over 35,000 casualties including 4,200 deaths. The number of Iraqi civilians wounded or killed during this same time was far greater. The U.S. Treasury is ill-suited to work independently in these type





surroundings and must contract security or depend on military escorts that are often times required to accomplish different objectives. The U.S. Institute for Peace discovered that in Iraq, successful CPA economic initiatives met with limited success “only when security was not a constraining factor....The CPA could write regulations, but not create a nationwide banking system from an office in the Green Zone.” This observation is confirmed by Colonel Mansoor commander of 1st Brigade 1st Armor Division in Baghdad during 2003, who noted “CPA personnel rarely ventured outside the Green Zone due to a shortage of security personnel and military escort vehicles, cultivating a remoteness that colored their perception of life beyond the blast barriers”.

The U.S. Treasury also lacks the necessary capacity to develop host nation banking at the operational level of war. A March 2004 Office of Personnel Management report showed that only six of the 558 CPA government employees were from the U.S. Treasury. Still today, concerns with interagency civilian capacity in stability operations exist. In April 2009, the Obama administration “turned to military personnel to fill hundreds of posts in Afghanistan that had been intended for civilians. Unlike the armed services, nonmilitary agencies do not have clear rules to compel rank-and-file employees to accept hardship posts.”

Compounding the lack of capacity is bifurcation of command channels that inhibit unity of command. The U.S. Treasury often works outside military command and control. In Iraq, the U.S. Treasury worked for the CPA and not Coalition Joint Task Force 7 (CJTF-7). Assuming there were no conflicting objectives or priorities between the U.S. Treasury and CJTF-7, at best, the two organizations could only achieve unity of effort. This split command and control creates significant potential for unsynchronized operations. The CJTF-7 Commander highlighted this concern when he stated, “if the military headquarters had even a minimum of economic capacity, the military could have done a very credible job bringing stability and security to Iraq.” Lieutenant General Sanchez remarked during stability operations in Kosovo, “there is no U.S. government agency more effective to rebuild a nation’s capacity than the U.S. military.” General Peter Chiarelli reinforced this comment when he explained, “it comes down to a simple answer of capacity relative to the situation. The military is built to create secure conditions, but long-term security does not come from the end of a gun; it comes from a balanced application of all lines of operations.”

This paper identifies the combat potential of financial managers acting as expeditionary bankers during stability operations primarily using the backdrop of Operation Iraqi Freedom. During the next stability operation, however, banks may not exist or cultural differences may complicate how financial transactions are accomplished. However, every society uses some system to trade and

purchase goods. Financial managers must understand the unique economic environment of each area of operation and that stability operations are about reinforcing or expanding existing capacity, not necessarily establishing new structures. For the highest chance of continued stability after U.S. forces redeploy, the host nation must have both a vested interest and a willingness to accept U.S. improvements to their systems.

Commanders considering the application of financial managers as expeditionary bankers may wish to review four amplifying recommendations. These recommendations include updating doctrine, creating new assignment opportunities, further economic education, and implementing a cohesive task organization that can enhance the effectiveness of financial managers. First, financial managers must update joint and service FM doctrine to address expeditionary banking. This is the starting point to document the capability and role of financial managers as expeditionary bankers. Second, the Army should provide financial managers with assignment opportunities at commercial banks, U.S. Treasury, Federal Reserve, IMF, and World Bank. These assignments will build relationships and expand the knowledge of financial managers. Third, expanded civilian education opportunities should be offered to financial managers specifically in banking, economics, and international finance. Concurrently, the Army should update the military educational system to include resident and online economic and banking education for financial managers. Fourth, the operational commander should consider task organizing the FMC under his command and control to avoid command bifurcation. This unity of command will allow the operational commander to oversee the accomplishment of economic objectives in relation to mutually supporting parallel objectives.



In conclusion, because of America’s military dominance, some of our adversaries have resorted to low technology irregular warfare as the medium to conduct combat operations. Choosing not to face the U.S. tank on tank, but instead, influence battlefield conditions to the extent U.S. combat power is not the mechanism required to win our nation’s wars. The contemporary operating environment in Iraq led the senior U.S. State Department policy advisor to the Iraqi Deputy Prime Minister to conclude, “the fundamental issue was that the average citizen was economically vulnerable to malign influences.”

*continued on pg. 8*

Although the Army is evolving combat forces in recognition of this new threat, the core tasks performed by financial managers have remained relatively unchanged since the founding of the Continental Army in 1775.

A fundamental shift must occur regarding how commanders employ FM forces during stability operations. Sustainment responsibilities of financial managers are important, but FM is also a capability that can help achieve peace through securing and rebuilding the host nation banking system. Financial managers are deployable forces trained and equipped to project an expeditionary banking capacity for the operational commander. They have the inherent knowledge and skill developed through years of sustainment support to the joint force that can be leveraged to reestablish host nation banking in austere conditions until the supported government can resume control. Meanwhile, the U.S. Treasury can work at the strategic level of war from a secure position to establish national financial policy and steer the host nation economy toward reputable international fiscal standards.

Operational commanders must recognize that “economic reconstruction depends upon adequate security; yet security depends upon successful reconstruction.” Security and economics are closely tied; therefore, a successful operational plan should leverage the combat potential of financial managers employed as expeditionary bankers to achieve the greatest efficiency. The first step is to secure the host nation banks to create a protected environment for host nation banking. Second, embed financial managers in the banks to mentor personnel and streamline banking procedures. Third, using the banks, inject local currency in the economy through contract payments, CERP disbursements, and micro grants to foster economic growth. Fourth, leverage the banks to track currency found with insurgents to discover financial links. Last, build the requisite structure to remove cash from the area of operation through the use of electronic banking. Through these five steps, the operational commander can achieve economic objectives.

*The contents of this paper reflect my own personal views and are not necessarily endorsed by the Naval War College or the Department of the Navy.*

#### About the Author:

Major Cody L. Zillhaver is assigned to the J8 at Headquarters, United States Central Command. He holds a B.S. in Accounting from Edinboro University of Pennsylvania, a M.A. in Finance from Webster University, and a M.A. in National Security and Strategic Studies from the Naval War College. His previous assignments include financial management positions in Germany, Iraq, and the continental United States

– RM –

## BC 36 Proponency Corner:

By LTG Edgar Stanton III



As the nation adjusts to a more somber fiscal reality and an exponentially increasing demand for taxpayer dollars, the Defense Department and the Army must expect downward pressure on national security spending. But, are we really prepared for such a change?

For the Army to be successful in a leaner fiscal environment, we must dramatically alter our approach to spending. Fulfilling the mission will always be the No. 1 priority, but now cost consideration must also play a substantial role.

We therefore must inculcate a “cost culture” throughout the Army. The idea is pretty basic: during the decision-making process, take cost into account. It is not an intrinsically novel concept – most households operate according to this simple principle. Typically, however, the Army has not put cost consideration at the forefront of decision making. Rather, the Army’s requirements-oriented culture has defined financial success as spending every appropriated dollar to meet the mission. Further, the Army has not done a good job of relating cost to outputs and outcomes because it is rarely asked to do so: There is no penalty for excessive cost, no reward for decreased cost. Adopting a cost culture will reverse these attitudes and practices.

The first element of a cost culture is establishing an enterprise mindset, a process already under way. The enterprise mindset directs us to think and to act as a single entity – as opposed to many disparate pieces and parts -- focusing on what is best for the entire Army, not just what is best for any given organization. This will require us to abandon rice bowls and stovepipes, and to take a holistic view of objectives and processes.

The second element of a cost culture is incorporating cost accounting, cost analysis, cost control and cost planning, collectively known as cost management, into all activities at all levels. This means examining and considering cost becomes a standard part of decision making. Instilling cost management practices at every level of Army decision making undoubtedly will take time, but we expect to make great strides in doing so in fiscal year 2010.

For example, each meeting of the Army Enterprise Board (AEB) already incorporates a strategic resource update. This helps senior leaders to understand and to appreciate the resource implications of their strategic choices. In addition, the Office of the Assistant Secretary of the Army (Financial Management and Comptroller) (ASA(FMC)) is setting cost-management metrics to support AEB strategies and performance objectives. An FMC cost analyst has been assigned to each of the Army's core enterprises to develop these metrics.

The Army also intends to modify the planning, programming, budgeting and execution process to take cost into account at key points before requirement decisions are made. In addition, we are developing a cost structure and model that will capture the full cost of all Army organizations, the products and services they produce, and the customers they support.

To be most effective, the concept of cost culture must be imbued across the breadth and depth of the Army. Cost culture will not be limited to headquarters or the garrison; every theater of operations also will be required to follow its principles. Already, cost and budget analysts and accountants have been embedded into ARCENT financial management units in Iraq, Kuwait and Afghanistan to provide commanders more cost visibility and to help them incorporate cost modeling and analysis into the requirements definition process. These analysts are reviewing Coalition Acquisition Review Board resource proposals and determining true requirement costs. They have evaluated why capabilities requested by the command cost the amount they do; determined what they should cost; and proposed alternatives, based on cost, to achieve the same result. Such invaluable information enables senior leaders to understand the near- and long-term cost implications of their decisions; to make effective tradeoff decisions to achieve the best use of limited resources; and, we hope, to reduce the cost of operations. We expect this cost culture methodology will be an integral part of all future operations.

Understanding and using cost data admittedly are acquired skills, and the Army recognizes that we must build cost competency among all personnel. Curricula for military and civilians in every branch and career program, from the very earliest stages of service to the most senior positions, will be modified to include "cost classes".

Soldiers perfect their war-fighting craft through repeated training and exercises, which are then dissected during a hot wash and subsequent after-action reviews. This approach will serve us well in developing and implementing a cost culture. Essentially, we review actions and operations to understand what worked and what did not, comparing the plan to what really happened in order to

understand the difference, for better or worse. Leaders and Soldiers can use that same open collaborative process to implement a cost culture. The Army is looking for a flow of creativity; everyone has a role in finding ways to be more cost-conscious while achieving the mission.



Collecting, managing and properly interpreting the vast quantities of data needed for a successful cost culture will depend heavily upon technology. In particular, the Army expects the General Fund Enterprise Business System (GFEBS) to be an essential component of the process. GFEBS tracks how funds are being used across the enterprise, down to the processing of each transaction. It integrates funding, real-property management, financial, cost, and related output and performance data; is web-based; and offers real-time data visibility to the active Army, the Army National Guard (ARNG) and the U.S. Army Reserve (USAR). When fully deployed, GFEBS will be one of the world's largest government enterprise financial systems, with more than 79,000 end users at more than 200 Army sites around the world. It will provide complete accountability of all general funds -- in excess of \$140 billion in annual spending by the active Army, the ARNG and the USAR.

Everyone agrees the Army is fully engaged right now, probably more than we have ever been in our 234-year history. Asking people to work harder is not the solution, but we will ask them to work smarter and to embrace the concept of cost culture. Cost management is one of the best tools available to us, and Army senior leadership believes it will help to stimulate the ingenuity that has always been a hallmark of our Soldiers and civilians. When cost culture becomes integrated into every aspect of our thinking and actions, our Army will become a better, more efficient and more effective organization.

– RM –





## Functional Chief Representative (FCR) Corner:

By: Terry Placek

### Challenge Fund

Attention all Army Financial Management Professionals, put your thinking caps on and let's come up with a winning project for the Challenge Fund.

What is the Challenge Fund? The Challenge Fund is an Under Secretary of Defense (Comptroller) initiative designed to promote professional development opportunities within the financial management community. The Services and Defense Agencies will be invited to submit proposals for financial management professional development initiatives that fall under one or more of the following categories:

- Building analytical skills
- Creating and promoting non-traditional learning opportunities, especially some that might appeal to newer professionals
- Creating and promoting life-long learning opportunities
- Promoting financial management expeditionary workforce capabilities
- Encouraging cost consciousness

The concept of these projects should focus on helping financial management professional grow. Preference will be given to projects that involve online education and provide benefits to a wide number of financial management personnel. The Challenge Fund will award up to \$2 million in the FY 2010 Defense-wide Operation and Maintenance appropriation in the President's budget. Submissions will be accepted through October 31st, 2009 and judged by a panel chosen by the office of the Under Secretary of Defense (Comptroller)/CFO. The first place submission will be funded in full, up to \$2 million. If the first place submission's budget is under \$2 million, runner-up submissions will be funded until all the funding has been allocated.

### Who can submit an entry to the Challenge Fund?

Challenge Fund entries may be created and submitted by individuals and groups within the DoD the Financial Management community.

Proposals will be accepted online from July 31st until October 31st. Instructions for composing and submitting online proposals are available at <https://challengefund.ousdc.osd.mil>.

#### Project Proposal Timeline:

October 31, 2009: Deadline for proposal submissions

November 1, 2009: Panel begins submission review

December 1, 2009: Winners will be announced and funds will be allocated (pending FY 2010 budget approval)

January 1, 2010: Execution of winning proposal begins



### Army Competitiveness:

The Challenge Fund will provide an incentive for developing and promoting the strengths of our financial management community. The healthy competition will promote progressive, creative thinking on how innovation can solve some of our educational deficiencies, and further generate a culture of professional development and use of cutting-edge technology in the financial management workforce.

– RM –

# Financial Management

## "Cost Warriors" Push Forward with 36 Merger

By CPT Brad Caton

During late May and early June 2009, U.S. Army Central (USARCENT) G8 and a host of key representatives from the Army and Department of Defense (DoD) Financial Management (FM) community participated in and successfully completed a Command Post Exercise (CPX), "LUCKY WARRIOR", at Camp Buehring, Kuwait. The focus of this exercise was to familiarize the USARCENT staff on the planning considerations and execution of Humanitarian Assistance (HA) missions with an emphasis on Disaster Relief (DR). HA/DR is an integral component of USARCENT's Full Spectrum Operations (FSO) capability. In addition to conducting support operations for Theater-wide Title 10 requirements in the U.S. Central Command (CENTCOM) Area of Responsibility (AOR), USARCENT continually improves its FSO skills from peacetime Theater Security Cooperation (TSC) engagements on the low end of the conflict spectrum, to high intensity combat operations as a Joint Task Force (JTF) headquarters on the opposite end of the spectrum.

Under the direction of Brigadier General Phillip E. McGhee, C8-Director of Resource Management (DRM), USARCENT, and the DRM Sergeant Major, Christopher L. Reynolds, LUCKY WARRIOR was used to build upon the Financial Management (FM) integration concepts first tested during the December 2008 "LUCKY STRIKE" CPX held at Camp Arifjan, Kuwait. During LUCKY STRIKE, training was focused on the USARCENT staff establishing the Early Entry Command Post (EECP) to conduct limited shaping operations. The EECP is a minimally manned organization designed for rapid deployment in order to provide command and control until a larger follow on command structure can assume responsibilities. For LUCKY WARRIOR the USARCENT staff footprint was expanded, deployed forward, and included the entire Operational Command Post (OCP). The OCP is designed to direct command and control activities through mission completion.

LUCKY STRIKE was the first full up battle drill of a revised FM doctrine that merged Resource Management Functional Area (FA) 45 and Finance Branch Code (BC) 44 into a single Financial Management BC 36. This doctrine, less than a year old, was launched October 1, 2008 at the direction of LTG Edgar Stanton

III, the Military Deputy for Budget to Assistant Secretary of the Army for Financial Management and Comptroller (ASA FM&C). The efforts of BG McGhee and his G8, Colonel Milton L. Sawyers, continue to help the strategy behind the FM merger mature at an accelerated pace.

The guiding FM principle during LUCKY WARRIOR was that the USARCENT DRM is the "single point of entry" for all Army FM operations in Theater. In this capacity BG McGhee is steadfastly pursuing four primary strategic FM initiatives:

1. Deploying 21st Century FM Battle Command Systems (FM BCS)
2. Fostering a Cost Culture
3. Determining the Cost of Readiness & its Effects
4. Establishing New FM Doctrine

The progressive doctrinal steps in Initiative 4 initially undertaken during LUCKY STRIKE provided dividends during LUCKY WARRIOR as the FM community coalesced for a second time in a major training event. USARCENT G8, 18th Financial Management Command (FMC), United States Army Finance Command (USAFINCOM), and US Army Soldier Support Institute (SSI) Financial Management School joined their counterparts from the Defense Finance and Accounting Service (DFAS) and DoD Business Transformation Agency (OSD-BTA) to align objectives, enhance financial processes and implement/enforce a partnership proof of concept.

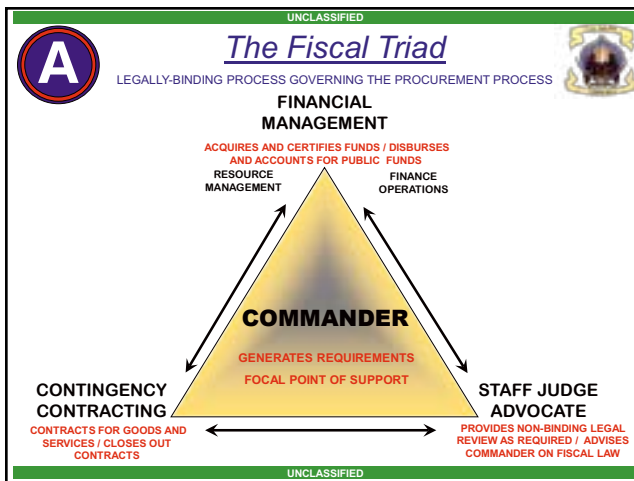


USARCENT LUCKY WARRIOR OCP, Camp Buehring, Kuwait

— continued on pg. 12



The ruthless, swirling sands and scorching heat of Camp Buehring provided the backdrop for the forward-deployed OCP during LUCKY WARRIOR. The USARCENT FM staff located their combined OCP team in the immediate proximity of the Staff Judge Advocate (SJA) OCP cell and the Principal Assistant Responsible for Contracting (PARC) representatives. Operating together in one location afforded the G8, SJA, and PARC the opportunity to provide prompt action as Master Scenario Events List (MSEL) requirements were generated to support the LUCKY WARRIOR HA/DR mission. This functional layout enforced doctrinal employment of the 'Fiscal Triad' (FM, SJA, and PARC) and maximized staff coordination, communication and effectiveness.



*This fiscal triad reflects a refinement of doctrine to reflect the critical importance of the SJA role in funding requirements, as well as the consolidation of Finance and Resource Management into Financial Management, while maintaining separation of Resource Management and Finance Operations responsibilities for management controls.*

Representing USAFINCOM at LUCKY WARRIOR were Lieutenant Colonel Carmen Reyes and Sergeant Major Raymond Riley. As an Operating Agency of the Assistant Secretary of the Army (Financial Management & Comptroller) USAFINCOM's primary mission is to provide finance support and liaison to Army commands, component commands, direct reporting units, installations, and tactical units, as well as DFAS, on matters pertaining to the adequacy of finance policies, systems, and reporting requirements. USAFINCOM also performs Army-wide or Army unique actions such as FM unit technical training, electronic commerce, and classified finance and accounting oversight. LTC Reyes immediately immersed herself directly in the G8 FM team and provided Department of the Army level perspective to the NCOs and company grade officers executing the HA/DR scenarios. This knowledge acquired during LUCKY

WARRIOR provided LTC Reyes with valuable insights that will assist USAFINCOM Operational Support Teams (OST) as they train the Army in both disciplines of Financial Management.

At the direction of the USARCENT Commanding General, LTG William G. Webster, Staff Principals reviewed USARCENT functions and tasks necessary to accomplish USARCENT's varying roles as Theater Army, Combined Forces Land Component Command (CFLCC), Army Forces Title 10 Provider (ARFOR), and Army Service Component Command (ASCC) for CENTCOM. SSI FM School Commandant Colonel Troy Clay and Lieutenant Colonel Gregory Sullivan were on hand to mentor and assist COL Sawyers and the OCP as they conducted a thorough functional analysis of FM capabilities USARCENT provides in its varying roles. As a result of these efforts, FM contributions were deemed so substantial; FM Operations was identified as a key USARCENT function, vice being just a supporting task. COL Clay's keen observations and counsel added depth to the analysis and provided the framing of a functional definition of FM Operations and its essential elements.

**Financial Management**  
Functional Definition

References: JP 1-06, JP 3-0, FM 1-06, FM 3.0, FM 4.0, FMI 4-93.2

Financial Management (FM) operations sustain Army, joint, and multi-national war-fighting commanders by providing two mutually supporting core functions: Resource Management (RM) and Finance. FM includes providing advice and recommendations to the commander; developing command resource requirements and costs; identifying sources of funds; establishing management and internal controls; supporting the procurement process; and providing banking, disbursing, accounting, and limited pay support.

**Financial Management**  
Essential Elements of Theater FM Operations

References: JP 1-06, JP 3-0, FM 1-06, FM 3.0, FM 4.0, FMI 4-93.2

- As single point of entry for Financial Management (FM) Operations, provide advice & guidance for FM Operations in Theater
- Develop Command resource requirements and costs
- Identify sources of funding
- Establish Management & Internal Control Program
- Support the Contracting Effort
- Provide Banking and Disbursing support
- Provide Accounting support
- Provide Limited Pay support





As FM School Commandant, COL Clay is the proponent responsible for adjustments to FM doctrine. His organization is currently updating the cornerstone doctrinal reference for Financial Management, FM 1-06 Financial Management Operations, to reflect lessons learned from LUCKY WARRIOR and FM Warriors from Overseas Contingency Operations (OCO). COL Clay's steady bearing continues to help keep operational practice and doctrinal theory marching forward toward a synchronized set of objectives.



*Productive staff synchronization meetings between FM, SJA, and PARC were made possible by the deliberate co-location of the complete Fiscal Triad within the OCP. Also participating were Soldiers and civilian employees from the SSI FM School, DFAS, USAFINCOM, 18th FMC, and OSD-BTA*

DFAS used the LUCKY WARRIOR exercise to help understand their role in FSO by integrating three members of their team with the G8 FM team. They worked hand in hand with the FM Soldiers to research, analyze and create viable solutions to the HA/DR mission sets. This type of training gives DFAS additional operational exposure as it enhances expeditionary capabilities to support war-fighters around the globe. A contingency operation training format such as this, set in austere conditions, also helps DFAS civilians learn the vernacular language and contemporary business practices of their most valued customers. Ms. Teresa McKay, DFAS Director, and Mr. Aaron Gillison, Director of DFAS-Rome, were in attendance for the second half of the exercise. Ms. McKay articulated the evolving role of DFAS in relation to its military partners and provided her support for future training endeavors to maximize the coordination among different defense agencies. BG McGhee stated, "it's crucial that senior FM leaders understand the complexity of FSO doctrine and the challenges of operating in volatile, uncertain, chaotic, and ambiguous environments."

The 18th Financial Management Command (P) (FMC), commanded by COL Mike Murfee, operated an OCP and a MCP co-located with the ARCENT G8. The FMC was the principal Financial Operations (FINOPS) advisor to the JTF and ARCENT G8. These integrated command posts coordinated for FM unit employment, and set the conditions for FM Company (FMCO), and FM Detachment (FM DET) operations. Concurrently, the OCP coordinated with the US

Department of State, US national providers, and host nation banks to determine and supply funding requirements. The FMC, G8, and the PARC coordinated to establish contracts and payments in local currency. Disbursement of local currency executed the commander's strategic effect of demonstrating, and communicating support for the local government and people during the HA exercise. Furthermore, the use of local currency maintained cash flow through the host nation banking infrastructure which sustained financial capitalization and liquidity during the exercise that facilitated with the stabilization of the economy. The FMC OCP's integration with the ARCENT G8, Contracting, and SJA demonstrated the effectiveness of the fiscal triad to efficiently meet the procurement requirements of the commander. Representatives from the DFAS Expeditionary Support Office (ESO), DFAS-Indy, DFAS-Rome, and USAFINCOM were present to provide policies, and technical support concerning FINOPS during the exercise.

Training with USARCENT for a second time was Mr. Dennis Wisnosky, Chief Architect and Chief Technical Officer of the US DoD Business Mission Area within the OSD-BTA. Mr. Wisnosky is a defense wide Enterprise Architecture subject matter expert. His first observation was the level of improvement the USARCENT G8 team demonstrated in mission analysis preparation when compared to his first USARCENT exercise during LUCKY STRIKE in December 2008. Mr. Wisnosky also brought along a Commercial off the Shelf (COTS) collaborative tool to assist the G8 with business processes during training events scheduled for the Fall of 2009. This COTS software application will allow for systematic completion of assigned tasks and provide an archived history of events that may or may not get captured in the traditional After Action Review (AAR) format. As the USARCENT staff familiarizes itself with this new combat multiplier, it will provide the lessons learned to the SSI FM School for incorporation into institutional training materials. Mr. Andrew Haeuptle, Chief, WARFIGHTER Directorate, OSD-BTA, focused on improving FM systems interfaces and teaching the FM team how to turn data into information, then knowledge, then understanding so the commander can affect the outcome.

*continued on pg. 14*

The exercise culminated in a comprehensive AAR process to capture the valuable lessons and perspectives of a diverse and multi-disciplinary participatory core. Among the main themes to emerge from this audacious venture into complete integration for Financial Management training were:

1. Include all relevant stakeholders as early as possible in the mission analysis and planning process.
2. Army FM doctrinal changes will require professionals who can excel in both the traditional Resource Management and Finance areas of expertise.
3. To effectively work with other agencies and military departments, leaders must be proactive to comprehend what capabilities are internal to their own organizations and what functions can be performed by outside entities to leverage competencies in order to provide the commander with accurate assessments.
4. The expeditionary focus of the military is a semi-permanent fact and all FM professionals, military and civilian, will have distinct roles in establishing mission success.

The end result of this exercise was a strengthening of bonds throughout the FM community. The strides made to accomplish theater initiatives during LUCKY STRIKE in 2008 have now grown to a full run as demonstrated during LUCKY WARRIOR 2009. Looking to the future it is clear that understanding the role each financial manager plays in support of FSO will provide FM professionals with the knowledge necessary to become highly effective "Cost Warriors."



*From L to R: LtCol Ralph Lunt, PFC Aaron Hoemann, Ms Charlene Weber, SGM Chris Reynolds, LTC Dennis Cash, BG Phillip McGhee, SGM Ray Riley, Ms Teresa McKay, CPT Jeff Jennings, Mr Aaron Gillison, Mr Tim Kubl, Mr German Rendon and SFC Darryl Jenkins at Camp Buehring.*



*Kneeling: MAJ Todd Handy; From L to R: COL Troy Clay, Ms Charlene Weber, LTC Carmen Reyes, SFC Greg Mosher, SFC Veronica Short, COL Milt Sawyers, LTC Dennis Cash, Mr German Rendon, CPT Brad Caton, 2Lt (USMC) Micah Hudson, SFC Denise Moore, LTC Greg Sullivan, LTC Tom Toomer, in the OCP Annex at Camp Buehring.*

**About the Author:** CPT Brad A. Caton is a ROTC Distinguished Military Graduate from the University of Montana. He began his military service in the Infantry, serving as a Platoon Leader and Battalion Adjutant. He was assigned to USARCENT as a Budget Analyst from FEB 2008 until JUN 2009. CPT Caton is currently assigned to the Great Lakes Recruiting Battalion, where he will assume command of the Pontiac Recruiting Company on 3 SEP 09.

– RM –

## CPI: A Closer Look:

### Continuous Process Improvement (CPI): Management of Sale Proceeds

By: Claire Abn



A recent Lean Six Sigma Green Belt project is helping to increase funds used to support Army soldiers and installations.

The law permits the Army and other Department of Defense (DoD) components to recoup proceeds from real property sales. Through this program, the Army generates approximately \$6 million to \$9 million each year. The proceeds are deposited into a DoD receipt account and are released to the Army annually. The Army returns half of the proceeds to the originating installations for their own use; the other half of the proceeds are retained by Headquarters Department of the Army to be used for specified projects.

However, sale proceeds records could not be reconciled with official DoD accounting reports, causing the Army to be unable to use 40% of the funds provided by the DoD. Cindy Shufflebarger (Office of the Assistant Secretary of the Army for Financial Management and Comptroller (ASA (FM&C))), with the support of Monica Malia as the project sponsor, set out to complete a Green Belt project to tackle this problem. Ms. Shufflebarger had three goals:

- Reduce the average time to reconcile accounts from three to six months to one month
- Reduce the volume of funds not reconciled from 42% to less than 5%
- Ensure compliance with the Financial Improvement and Audit Readiness law

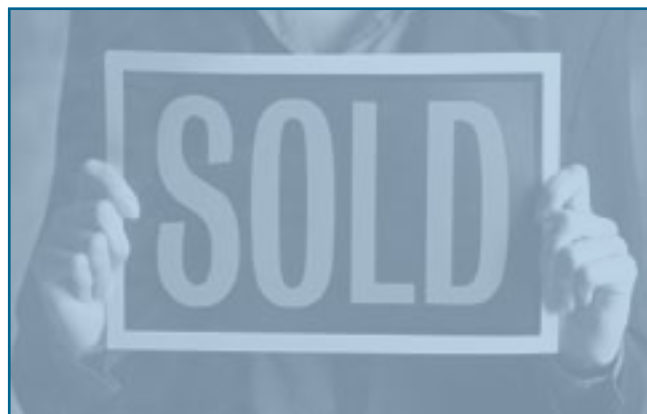
While working on this project, Ms. Shufflebarger and her team discovered that \$6.5 million in funds remained in suspense. The team also discovered that a lack of reporting from the General Services Administration (GSA), which handles the sales transactions and depositing of funds into the receipt account, was the main problem causing the delay in reconciliation. Furthermore, Defense Finance and Accounting Service (DFAS) reports contained non-essential non-Army data, further slowing down the process.

Ms. Shufflebarger decided on actions that must occur for the sale proceeds to be reconciled with DoD accounts in a timelier manner. GSA and the Chief, Cost and Resource Integration Division (ASA (FM&C)) signed a memorandum of agreement to provide information as required on sales transacted by GSA. Ms. Shufflebarger also developed a standard operating procedure document for review and reconciliation of monthly DFAS and Department of the Treasury reports.

As a result of this project, reports are now completely reconciled and the right installations can be identified to receive funds back in a timely manner. And there are no "unknown" remaining funds.

This project is expected to generate \$7.65 million in FY09, for a total of \$31.6 million through FY17. Ms. Shufflebarger received a Green Belt certification for this project. Congratulations to Ms. Shufflebarger and her team for their stellar work!

**About the Author:** *Claire Abn is a program analyst for the Office of the Assistant Secretary of the Army for Financial Management and Comptroller (OASA FM&C). She assists in Lean Six Sigma deployment for the organization.*



– RM –



## The Innovative Edge:

By Dr. Wayne Applewhite

Over the next few issues of the “RM” publications I will outline the seven (7) most hazardous areas for a New Manager.

### Hazard Number 1: The Big Picture

As a specialist, technician, expert (or whatever title one may currently hold); transitioning to a new management position, ‘something’ happens! As a new manager we sometimes overlook the small details and focus on the “Big Picture. It is that “Big Picture” that can jeopardize the future of this new manager or launch them into a very successful management and leadership focused career. Balance is the key.

The new manager must now transition from doing to enabling.

**Until the next time; Lead on!**



## Powering Down—

### A Transition to Budget Based Operations

By: LTC Geoffrey Ballou

“There are risks and costs to a program of action. But they are far less than the long-range risks and costs of comfortable inaction.”

*John F. Kennedy*

*35th president of US 1961-1963 (1917 - 1963)*

### The Legacy of Spending...

For several years now, the requirements generated from the Army's units in Iraq were given top billing, resulting in an extraordinary growth of services, contractors, and equipment on hand. In some cases, the theater may have purchased more capacity than needed for many reasons, most notably the surge of units that left little time for thoughtful reflection of true requirements, but demanded fast, decisive action by units engaged in kinetic operations. During these times of requirements-based operations, the job of the resource management community was primarily to secure resources for their commanders, and maintain management controls on spending. Now, however, the changing strategic landscape in Iraq and the evolving financial situation at home may change the role of the resource management community in Iraq from a requirements-based mission to a more traditional budget-based operation.

### The Nation Tilts Toward Fiscal Conservatism

A fundamental change is sweeping across America as more and more citizens become concerned about the record-setting annual deficits and the burgeoning national debt. For many years, Congress and the President have together enacted spending bills that paid out far more than the revenue taken in by the Treasury (Figure #1).

#### Figure #1 The National Debt

The national debt is currently more than \$11.5 trillion...

Each citizen's share of this debt is \$37,604...

[http://www.brillig.com/debt\\_clock/](http://www.brillig.com/debt_clock/) (July 3rd, 2009)

Those days may be coming to an end. Speaking of the nation's finances in a recent interview, President Obama said that worrying about the U.S. government's finances “keeps me awake at night” and the country needed to start planning now to tackle “soaring deficits.” In the same wide-ranging interview, the President explained his concerns further:

“I am concerned about the long-term issue of our structural deficit and our long-term debt because if we don’t get a handle on that then there’s no doubt that at some point whether it’s the Chinese, the Koreans, the Japanese, whoever else has been snatching up Treasuries are going to decide that this is too much of a risk.”

The President is not the only one growing concerned about the deficit and the debt. There has been a growing chorus of lawmakers expressing concern about government spending. Complicating matters, the days of the “bridge” and “main” war-funding supplementals may be over, as plans progress to include all war-related costs in the FY10 President’s Budget, moving away from the old “GWOT” supplementals. Senator Reid, the Majority Leader, recently told lawmakers as they struggled to pass the FY09 main supplemental, that this would be “the last time we’ll have to do this...” because of the President’s plans to include all war costs in the base budget, described in the news extract below:

“Obama, who is seeking to wind down military operations in Iraq while bolstering military forces in Afghanistan, has pledged to fund all war operations through the regular defense budget.”

There is no doubt, even given this change in the fiscal environment, that the Army and the Iraqi Theater of Operations will continue to receive all necessary funding to continue its operational and sustainment operations. However, as the United States is stepping up to manage the war budget from its own resources, rather than from borrowed funds, it may be prudent to begin preparing to live within fixed budgets in Iraq, transitioning away from the requirements-driven process used since the beginning of the war.

Figure #2

“In this period of transition..., fiscal stewardship becomes increasingly important. We must...verify that we are effectively utilizing our resources to meet mission essential requirements... Adopt the philosophy of “shrink and share,” and always seek the most efficient use of our remaining resources.”

GEN Odierno, November 21, 2008

In fact, the 1st Cavalry Division leadership began discussing the possibility of reduced funding and budget-based operations prior to deployment from Fort Hood, Texas. Once assuming its role in command of Multi-National Division, Baghdad (MND-B), the

division began laying the groundwork for a transition to budget-based operations. Bolstering the case for a resourcing transition, we received a raft of memos and letters shortly after arriving that directed fiscal prudence, “shrink and share,” and maximum use of existing resources. Figure #2 shows a key quote from one of the General Odierno memorandums.

In order to comply with the General’s guidance, and to prepare for the next stage of resourcing, we needed a plan that would do the following:

- Increase cost awareness
- Promote a cost culture
- Incentivize units to prioritize requirements
- Bring commanders into the resourcing decision cycle

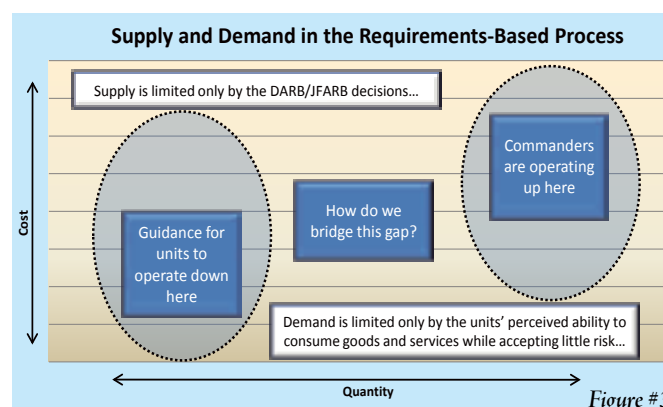
### The New Paradigm

As we worked through this process, it became very clear that without unit budgets in place, demand would continue to outstrip supply, at least as the term ‘supply’ here refers to the command’s efforts to live within the new fiscal guidance. We can attribute this to two factors:

**Demand from the units is limited only by their perceived ability to consume goods and services while accepting little risk**

**Supply is limited only by the DARB/JFARB decisions  
(‘Division’ and ‘Joint Facilities’ Acquisition Review Boards...)**

This imbalance sets up a constant tension, where units have no incentive to slow their requests, while the participants of the DARB/JFARB process want to instill fiscal discipline while always supporting the warfighter (see Figure #3). One way to begin to



balance these supply and demand curves is to shift budget authority and prioritization responsibility to the commanders.

An effective way of shifting this responsibility is to assign a budget target to each brigade based on their requirements, and then track and report their performance against that target. In this dynamic environment, with the changing roles of the US military in Iraq, it is critical to maintain a high degree of speed, flexibility, and accountability. Therefore, the system had to be adaptable and responsive to the commanders' requirements.

With these goals in mind, we developed the following concept statement:

MND-B will develop and implement an OMA budget pilot program for 4th Qtr, FY09, using traditional budgeting and reporting tools, with the intent of empowering brigade commanders' decision making authority, while also promoting a cost culture by requiring brigades to live within a fixed budget.

Implementing this vision would begin to serve as a departure from the current spend plan system, and towards a more predictable and decentralized process. Before we could do that, however, there was much analysis to be done.

## Breaking the Cycle----Powering Down

To implement this plan, we first had to determine the sustainment cost of a brigade. Initially, we thought this task would result in widely varying figures given the size and complexity of the battlefield. Once we began our analysis, however, the numbers began to coalesce within a fairly narrow range.

LOGCAP and Stock Fund, though significant cost drivers, are beyond the scope of Division G8 management

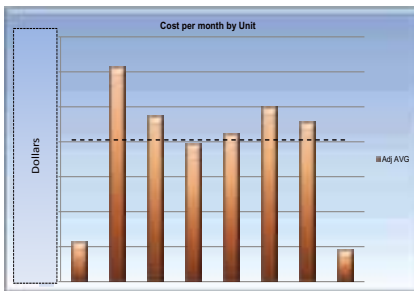


Figure #4

MND-B has five brigades with varying missions, numbers of bases, and differing equipment sets. Although stock fund and LOGCAP together comprise two thirds of theater spending, we left them

out of the analysis since we do not control those funds at the division level. In addition, we know the size and cost of the security contracts and when they expire, so stripping away those costs then left us with basic life support costs for the brigades.

The results of our analysis are shown in figure #4, where one can see that the majority of the units are within a fairly tight cluster for normalized monthly costs. The two outliers on either side of the chart are different units—not land-owning brigades. Although these costs are only one component of the overall cost of a brigade, they represent the costs directly generated by the brigades and therefore represent the first important step in generating cost awareness.

## Three-Pronged Approach for Greater Accuracy

With the base life support costs established, we were able to turn our attention to two other cost management tools: the unit spend plan and the contract log (document register). This process is shown in figure #5.

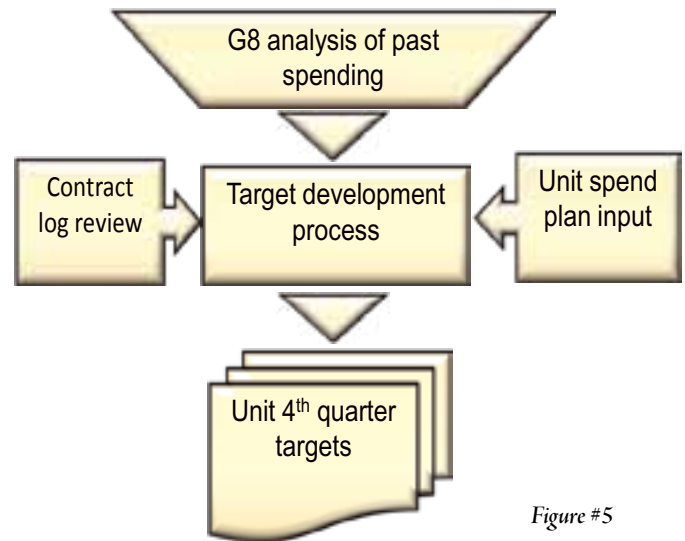


Figure #5

Upon receiving the unit's fourth quarter spend plans, we examined them closely looking for unusual or special one-time costs that may not be captured under normal sustainment operations. These may include such things as unit relocation costs, tent foaming insulation, or force protection enhancements. We examined these costs to determine whether they were captured under normal life support, or whether they should be additive to the unit's budget.

Finally, we examined the contract log / document register to see if there were expiring contracts in that quarter that the units had not reported for some reason. We also used this contract log to verify the information on security contracts that were coming due in the fourth quarter. Given the frequency of unit rotations and relocations, it is important to assist the units by reminding them of their current contracts and renewal dates so they are not caught unawares.



## Implementation Through Partnership

As we write this, we are still in the process of implementation. We have broken out the projected unit spending by month, and are in the process of verifying those projections through the use of the contract log, historical spending, and the unit spend plan. The monthly spending projection resulting from that analysis is what we will use to populate the final three months of our Program Budget Advisory Committee (PBAC) charts. Once complete, we will be able to more closely monitor unit spending and to compare their actual spending against the plan.

Once the estimates and the charts are complete, we will socialize them with the units, and then begin showing them regularly in operational briefings with all units and staff. One can easily envision how this process could be adapted to the other appropriations used in the theater. We are encouraged that this first step toward traditional resourcing operations will be beneficial for the units, staff, and leadership. If nothing else, it is helping us to refine and hone our spend plan requests to a finer degree of accuracy than was possible before, and to gather sustainment costs for the brigades. Much remains to be done, and there are other cost areas to explore, but we hope that soon we will be able to claim success on this critical first step.

### About the Author:

*"LTC Geoffrey Ballou is currently serving with 1st Cavalry Division as the G8/Comptroller for Multi-National Division, Baghdad (MND-B). He would like to thank Mr. James Schmoock, MAJ Vincente Garcia, CPT Kevin Burgess, SFC Julia Palma, and the rest of the G8 team for their help with the quantitative analysis in this article, and for their continuing efforts to promote cost awareness and a cost culture in the Baghdad area of operations."*

— RM —

## Army Leaders Optimistic About Future of the Army

By: Lauren B. Lock

The setting for this year's Professional Development Institute (PDI) was in the beautiful city of San Antonio, Texas, hosted by the Alamo City chapter of the American Society of Military Comptrollers (ASMC). PDI is a premier training event for resource managers in the Department of Defense and US Coast Guard. Each year, more than 3500 attendees converge for a four day event, which includes a full day of service activities, general sessions, focused workshops, and many special events. The program objective is to enhance skills and abilities that personnel in the financial and resource management community must possess to meet the challenges of working in the 21st century. The PDI offers more than 20 hours of educational sessions and guest speakers. The sessions are designed to provide updates on emerging issues as well as encourage participants to network. On May 27th, Army leaders gave presentations to conference attendees about the current state and future regarding the financial landscape of the Army. The General Session featured presentations by Lieutenant General (LTG) Edgar E. Stanton III, Mr. William H. Campbell and Mr. Stephen T. Bagby.

The theme for this year's PDI was "Building the Stars of Tomorrow" which was incorporated in the presentation by LTG Edgar E. Stanton III. LTG Stanton, the senior uniform financial manager in the Army, serves as the Military Deputy for Budget in the Office of the Assistant Secretary of the Army, Financial Management and Comptroller (ASA FM&C). LTG Stanton emphasized the dynamic environment that is currently playing out within the Army. Economic pressures are placing a heavy burden on military personnel and their family members. "Savings are worth 62% of what they used to be." The crumbling housing market, unemployment and the recession are also concerns of Army leaders as they try to navigate the future of the Army.

In addition to fears about the economy, LTG Stanton explained that the new administration has an impact on the financial atmosphere. As with most changes in administrations, the political leadership is currently in transition which makes completion of mission goals challenging. The new administration has plans to incorporate change in the Army in the form of transformation in the strategic direction of the war, and in the direction of the Nation.

The Army is changing course as well. LTG Stanton told the audience to prepare for new restructuring of modernization plans,

— continued on pg. 20



Base Realignment and Closure (BRAC), Basic Combat Training (BCT) transformations and institutional adaptation. These will all impact the financial management functions of this career field. Adding to this is the fact that financial managers are encouraged to do more with less. The Army is experiencing a downward trend in funding and being forced to rely on supplemental funding in order to meet its mission.

Despite all of this the tone of LTG Stanton's presentation was very optimistic. "Challenges will grow," LTG Stanton promised. As new challenges present themselves so do the opportunities. New initiatives will be faced by military personnel. One that has everybody talking is General Fund Enterprise Business System (GFEBS). GFEBS, which was launched in the fall of 2008, is an Enterprise Resourcing Planning (ERP) system that will subsume over 80 legacy systems. This system will be effective in streamlining performance and cost for the assessment of the Army.

With all the new challenges and exciting changes happening within the Army today; it seems that the CP-11 field will continue to remain stable and technological developments will enhance Financial Management. LTG Stanton encouraged the audience to seize opportunities as challenges present themselves.

Following LTG Stanton's presentation, Mr. William Campbell, Acting Director for the Army Budget Office, gave insight into the formation of the FY 2010 budget. Mr. Campbell is the senior civilian advisor on all budgetary matters and is responsible for the formulation and execution of the Army's annual \$250 billion dollar budget. He pointed out that the Army is trying to improve capabilities in fighting current wars and conflicts as well as preparing for conflicts that may surface in the future. This means that there will be major changes in funding certain programs for the Army. The budget for FY 2010 is estimated to be less than the FY 2009 budget. The FY 2010 budget already has plans for a reduction in Military Construction (MILCON). A key goal of the Army is to decrease the number of contract support employed by the Army and focus on in-sourcing civilian employees. There are expected to be an estimated 2200 positions that will transition to civilian jobs in the near future.

Like LTG Stanton, Mr. Campbell remains confident that these and other changes in the new streamlined budget will make the Army more capable of meeting mission critical tasks. It also presents new tests and opportunities in the Financial Management arena.

Mr. Stephen Bagby, Deputy Assistant Secretary of the Army (DASA) Cost and Economics, is responsible for Army policy and technical direction of all cost and economic activities. Mr. Bagby began by showing slides featuring documents signed by Army leaders such as Secretary of the Army Geren and General George

Casey, Chief of Staff of the Army. Each document states a need for instilling a cost culture within the Army that will encourage informed discussion and processes that create good stewardship. There is a movement now to incorporate 'cost' into Doctrine, Organization, Training, Materiel, Leadership, Personnel, and Facilities (DOTMLPF). Mr. Bagby stresses that business case analyzers must be considered with respect to DOTMLPF. He also stated that there is an initiative to create a new Secretary of Defense Director of Cost Assessment and Program Evaluation. This new director would have the authority to challenge Acquisition processes, as well as the Planning, Programming, Budgeting and Execution (PPBE) requirements. The new Director of Cost Assessment and Program Evaluation would have the responsibility of reporting to Congress 10 days after the budget has been formed.

The introduction of GFEBS is also another way that the Army is incorporating cost culture. GFEBS is used to support operational decision making and analysis. There are many training opportunities for those looking to learn more about GFEBS as well as cost management in the Army. There is currently an online self-paced Cost Management Community of Practice course located on the Army Knowledge Online (AKO) website that gives users access to the Army Cost Management Handbook. The integration of a better cost culture within the Army will ensure that an organization's business processes and services provide the best value to its customers.

Each speaker gave foresight into the future of Financial Management for the Army. The atmosphere of the General Session was positive as well as informative. The optimistic energy will most definitely cross over into the workplace as attendees were congratulated on their hard work and dedication. This year's PDI provided a chance for CP-11 careerists to see how their dedication and perseverance has manifested into a promising future for the Army.

The General Session for Army Day wrapped up with awards given to individuals recognized for their outstanding achievements in Resource Management. Congratulations to the following 2009 Resource Management winners!

#### **About the Author:**

*Ms. Lauren B. Lock is a first year Financial Management Analyst Intern, currently assigned to the Office of the Assistant Secretary of the Army- Financial Information Management, Enterprise Integration Division, ASA (FM&C). Prior to becoming a DA intern she obtained her B.A of Communications at Texas A&M University.*

— RM —

# Institutional Adaptation and the Resource Manager

By: Joe Romito

For the United States Army, transformation is not something new. To the contrary, the Army has been transforming for well over three decades. This is as it should be, because any successful, thriving organization must continually transform or reshape itself to meet new and emerging requirements and to take advantage of improvement opportunities. While transformation itself is not new, the focus of the Army's transformation efforts has changed from time to time as leaders have identified high-priority issues and opportunities. In recent years transformation has been directed at changing the operating force from a division-centric, forward-deployed force into a brigade-centric, expeditionary force with increased mobility, agility, and lethality.

While this transformation of the operating force or warfighting Army continues, the Army has also embarked on a major transformation of the generating force. The generating force, which is sometimes referred to as the "institutional Army," supports the warfighter by providing the infrastructure needed to raise, train, equip, and deploy the operating force, and to ensure its readiness for its full range of missions. This transformation of the generating force is being described as Institutional Adaptation (IA).

We often hear the phrase "burning platform" used to describe a situation that demands prompt, significant action. The burning platform for the Army in 2009 is that seven years of war have created imbalance. The near-term demands of combat operations in Iraq and Afghanistan have stretched the Army and made it difficult to give adequate attention to long-term readiness, to strategic flexibility, and to sustaining the all-volunteer force. Recognizing this, the Secretary of the Army and the Chief of Staff have identified four imperatives – sustain, prepare, reset, and transform – to drive the major actions required to restore the Army to balance. Institutional Adaptation is a key element of the transformation imperative.

## Institutional Adaptation has three major priorities:

- Improve Army Force Generation (ARFORGEN).
- Adopt an enterprise approach to managing the Army.
- Improve the Army's processes for requirements generation and resourcing.

## Improve ARFORGEN

ARFORGEN is the model and procedures the Army uses to cycle warfighting units through a three-phased process to ensure that they are ready for deployment when called upon and have adequate time to reset Soldiers, Families, and equipment between deployments. ARFORGEN has served the Army well by providing units for deployment to Iraq and Afghanistan, but the high pace of deployments has created significant turbulence for Soldiers and their Families and has not allowed them adequate time between deployments. One of the goals of Institutional Adaptation is to better align generating force processes to support ARFORGEN and reduce this turbulence, which is a critical element in sustaining the all-volunteer force.

## Adopt an Enterprise Approach

The "enterprise approach" to managing the generating force can be thought of as the organizational foundation upon which Institutional Adaptation will be developed.

An enterprise is a cohesive organization whose structure, governance systems, and culture are designed to support a common purpose. Clearly, the Army is not only an enterprise, but is an exceptionally large and complex enterprise. Army leaders have identified several issues that must be addressed in managing the Army enterprise:

- In some cases, due to the urgency of decisions related to the war, the Army has allowed decision-making to be pushed to too high a level in the enterprise.
- Throughout the Army, there is a perception that Soldiers and hardware are "free goods," simply because they are not paid for with local budgets.
- The Army has a consumption-oriented culture in which success is often measured by an organization's ability to spend every dollar rather than by the results it achieves.
- One of the challenges in implementing ARFORGEN and in carrying out the other functions of the generating force is the fact that the generating force tends to be organized in stovepipes rather than functionally aligned.

When we talk about an enterprise approach, we simply mean that we must take a holistic view of the organization. Decision makers must address issues from the perspective of what's best for the Army, not just what's best for a single organization. In an enterprise approach, everything in the organization – the way we are organized, our governing bodies, and so forth – must be structured to support this Army-wide view.

— continued on pg. 22





For an example of how the Army’s current organizational structure creates challenges for ARFORGEN, we can consider the task of ensuring that Soldiers are properly assigned to deployable units. The Army must identify requirements for Soldiers in units, recruit those Soldiers, train them, and assign them to operational units. Numerous organizations are involved, to include the G1 at Army Headquarters, the Army National Guard, and multiple elements of the Training and Doctrine Command. Each of these organizations plays an essential role in the process. While any of these organizations can cause the overall process to fail, there is no single organization that “sees” or is responsible for the complete process. This kind of situation exists in many of the Army’s generating force functions.

Under Institutional Adaptation, the Army is addressing this challenge by functionally aligning the generating force into four core enterprises (CE): Readiness, Materiel, Human Capital, and Services and Infrastructure. These alignments are not reorganizations and do not change existing command relationships, but rather bring organizations together with the goal of integrating and synchronizing execution so that each CE delivers its outputs in support of ARFORGEN. Leadership of each CE is provided by a member of the Army Secretariat and a senior Army commander, as shown in Figure 1.

CE	Leadership	Selected Aligned Organizations
Readiness (RCE)	<u>Oversight:</u> Under Secretary of the Army <u>Chair:</u> Commander, Forces Command	FORSCOM Army G3 Army National Guard Army Reserve
Materiel (MCE)	<u>Co-chair:</u> Asst. Secretary of the Army (Acquisition, Logistics, and Technology) <u>Co-chair:</u> Commander, Army Materiel Command	ASA(ALT) AMC Army Test and Evaluation Command Army G4
Human Capital (HCCE)	<u>Oversight:</u> Asst. Secretary of the Army (Manpower and Reserve Affairs) <u>Chair:</u> Commander, Training and Doctrine Command	ASA(M&RA) TRADOC Army G1 Human Resources Command
Services and Infrastructure (SICE)	<u>Oversight:</u> Asst. Secretary of the Army (Installations and Environment) <u>Chair:</u> Commander, Installation Management Command	ASA(I&E) IMCOM Asst. Chief of Staff for Installation Management Army Chief Information Officer/G6 Medical Command

Figure 1. Army Core Enterprises

To support sound decision-making above the core enterprise level, the Army has established the Army Enterprise Board (AEB). Chaired by the Secretary of the Army, the AEB serves as a forum in which the Secretary and other senior leaders and executives can discuss critical strategic issues and thus become better prepared to make timely, well-informed decisions affecting the direction of the Army.

The Army has always had senior forums to address major issues. However, the AEB reflects two major differences when compared to previous structures. First, to provide an environment that encourages frank and candid discussions, membership is limited to a relatively small number of the most senior officials. The AEB comprises just 14 individuals: the Secretary, Under Secretary and five Assistant Secretaries of the Army; the Chief of Staff and Vice Chief of Staff; the General Counsel; and the commanding generals of Forces Command, Army Materiel Command, Training and Doctrine Command, and Installation Management Command. Second, the AEB membership includes four senior commanders from outside Army Headquarters. This ensures that officers responsible for execution at the core enterprise level have a forum in which they can inform strategic decision-making.

Improve the Requirements and Resourcing Processes

The requirements generation process is how the Army identifies the programs that will enable it to carry out its assigned national security missions. And of course the resourcing process follows the requirements process and determines how limited resources can be best applied to competing requirements. For some time, many observers have expressed concern with what appears to be the unconstrained nature of the requirements process, noting that the process sometimes identifies what is wanted but not necessarily what is needed. Here are a few of the problems that can arise when requirements are allowed to grow in unconstrained fashion and the resourcing process must deal with far more requirements than can realistically be funded:

- Decision-makers’ attention can be diverted, causing them to focus on the significant number of unfunded requirements (UFR), rather than on the boundary between funded and unfunded programs, which is where it belongs.
- The Army can raise doubts with its partners in the Office of the Secretary of Defense, the Office of Management and Budget, and Congress, causing them to question how the Army can accomplish its missions in such exemplary fashion while simultaneously claiming to have billions of dollars of so-called requirements that cannot be funded. (Recent efforts to analytically determine the cost of the doctrinal Army have done much to address this issue by enabling the Army to demonstrate the long-term impact of resource shortfalls.)
- The Army can create unrealistic expectations internally, by allowing many programs to occupy UFR lists even when there is virtually no chance that they will be funded.

One of the objectives of Institutional Adaptation is to improve the requirements and resourcing processes so that they recognize constraints, identify what is truly needed for mission success, and respond rapidly to meet dynamic priorities. As this issue of Resource Management goes to press an in-depth study of both processes is underway, with the findings and specific recommendations to be presented to the leadership in the near future.

## What Institutional Adaptation Means for Resource Managers

The critical role of the resource manager in Institutional Adaptation was best described by General Peter Chiarelli, the Vice Chief of Staff of the Army. Speaking at the Army PPBE Conference earlier this year, General Chiarelli said that Institutional Adaptation “is all about building into our Army an understanding of the need to be very, very careful of how we spend our money ... It is all about developing a cost culture.”

What does “developing a cost culture” mean? It means that the Army wants to bring about a fundamental change in the way managers think about resources. Here are just two examples of the change that will be required.

First, rather than focusing solely on inputs – that is, on ensuring that they obligate the funds appropriated to them – managers must give increased attention to identifying the required outputs and outcomes they are responsible for, and then managing their resources to produce the outputs and achieve the outcomes.

Second, when dealing with cost, managers must shift from a view that encompasses only their own local budgets and take a broader view that considers all the costs associated with a given decision. For example, a commander who wants to change the manpower and equipment authorizations of a brigade combat team might not see a significant cost impact when he looks at local resource requirements. This is because the additional Soldiers will be funded by Army Headquarters and the major items of equipment will be purchased by Army Materiel Command and its subordinate elements. But when a cost culture is adopted and the commander considers the total cost of a decision, then the cost

will be seen to include Soldier and equipment acquisition costs now and in the future, the cost of new facilities that might be required to house the Soldiers, the life-cycle maintenance and support for the equipment, and so forth.

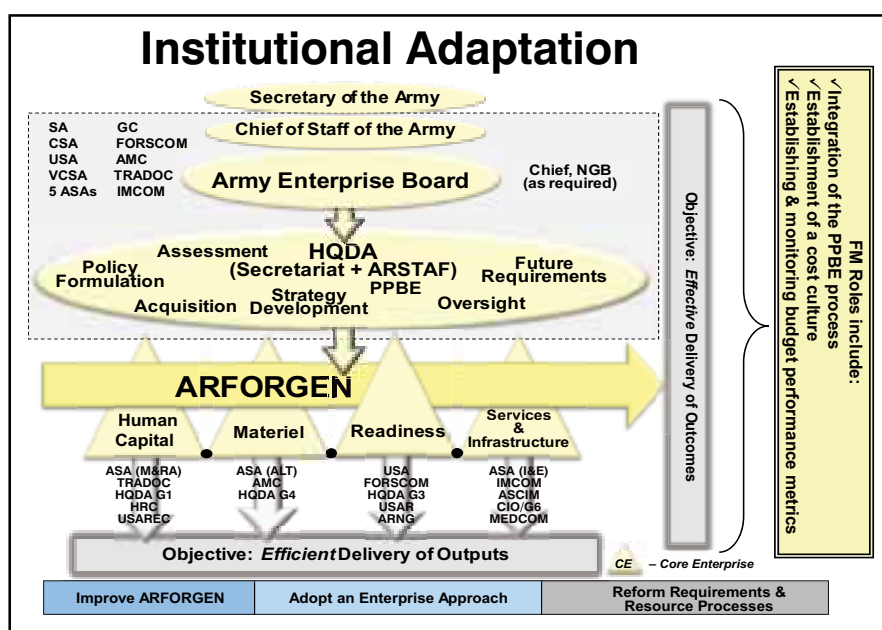
These are just two examples of how adopting a cost culture will change the way leaders think about resources. And clearly, leaders will depend heavily on their resource managers to guide them through this cultural change. This gives resource managers throughout the Army a tremendous opportunity to make meaningful contributions to the Institutional Adaptation effort.

In addition to helping to inculcate this new way of thinking at the local level, resource managers will also play key roles in implementing Institutional Adaptation at Headquarters, Department of the Army (HQDA). The Assistant Secretary of the Army for Financial Management and Comptroller (ASA [FM&C]) is responsible for the PPBE process at HQDA. Through the Director of Program Analysis and Evaluation (DPAE), the ASA has already taken action to give the core enterprises a role in the PPBE process. A pilot project is being conducted during work on the FY11-15 program and budget. Lessons learned from this pilot will be evaluated, and the CE's will be given an enhanced role in the development of the FY12-17 program and budget.

## Summary

We can use the graphic at Figure 2 to summarize the key features of Institutional Adaptation.

Figure 2. The box at the right highlights the key elements of Institutional Adaptation.



Near the middle of the graphic are the four core enterprises: Human Capital, Materiel, Readiness, and Services and Infrastructure. With an Assistant Secretary of the Army or the Under Secretary providing oversight for each core enterprise, the appropriate organizations of the generating force are “aligned” with the core enterprise.

As explained above, the role of the CE is to synchronize and integrate execution. At all times, but especially when the Army is at war, the number one execution priority is ARFORGEN; that is why ARFORGEN is shown as a cross-cutting process that requires the active participation of all core enterprises.

Below the CEs are the three priorities of Institutional Adaptation: Improve ARFORGEN, adopt an enterprise approach, and reform the requirements and resource processes.

Shown above the core enterprises is Army Headquarters, with its continuing, traditional role of providing policy guidance and oversight. A new element appears at the Headquarters level, the AEB. The AEB includes the most senior leaders in the Army, and its role is to provide a forum for discussing strategic issues so that the Secretary of the Army and other senior executives can make timely, well-informed decisions affecting the direction of the Army.

It’s difficult to predict where Institutional Adaptation will take us, but this much is certain: The Army’s senior leaders, both military and civilian, see a clear need for taking a holistic view in managing the Army, and adopting a new mindset or perspective on cost is a critical element in achieving that. The Army must be both effective and efficient in applying its limited resources, and this makes it a great time to be an Army resource manager. Resource managers will be in demand, and this is a tremendous opportunity for them to make important contributions.

#### About the Author:

*Mr. Joe Romito is a Senior Research Fellow at LMI Government Consulting, a not-for-profit consulting firm in McLean, Virginia. He assists OASA (FM&C) on a wide range of resource management projects, to include serving as the organization’s liaison with the Enterprise Task Force. Mr. Romito is a former career Army officer whose final active duty assignment was as a Division Chief in the Army Budget Office.*

– RM –

## GFEBs Focuses On Exceeding Its Goals

*By: Nicholas Pomponio*

Until recently I had only heard vague references concerning the implementation of the General Fund Enterprise Business System (GFEBs). Throughout the next three years, GFEBs is on track to subsume the current legacy financial and property management systems used by the Department of the Army. There are currently over 80 legacy systems used by financial professionals throughout the Army, by the end of GFEBs implementation (early 2012), these systems will be completely merged and replaced by the GFEBs plan.

At the 2009 Professional Development Institute (PDI) Conference in San Antonio, Texas, I had the opportunity to learn firsthand about GFEBs. At the conference Ms. Kristyn E. Jones, gave a detailed presentation on the current status and future expansion of GFEBs throughout the Army. Ms. Jones is the Director for Financial Information Management for the Office of the Assistant Secretary of the Army for Financial Management and Comptroller (OASA (FM&C)). Her important role for GFEBs includes: leading the functional effort, ensuring that the commands are ready for GFEBs implementation, and serving as an Executive Secretary.

The main focus of GFEBs currently is centered on several key goals.

- Provide decision support information to sustain Army Warfighting capability.
- Provide analytic data and tools to support Institutional Adaptation
- Reduce the cost of business operations
- Improve accountability and stewardship
- Enable decision-makers across the Army to:
  - Better capitalize on the resources we have
  - Better determine and justify the resources we need



# Why do we need GFEBS?

## Why do we need GFEBS?

Currently financial professionals in the Army are using over 80 different systems to manage resources, financial information and assets. Many of these systems do not communicate with each other effectively, and this causes the continuous task of entering data into several different systems, which is not only time consuming but also inhibits efficient sharing of data. The GFEBS solution will implement a single web-based system to standardize these processes. Within the new system you will also be able to access integrated financial and non-financial data in real time across several functional areas. Lastly all users will be able to access historical data and trend analysis to respond quickly to any data calls or requests that may be asked of its users.

As mentioned above, GFEBS will encompass existing business processes. Those processes are: Funds Management, Property Plant and Equipment (PP&E), the Spending Chain, Reimbursables, Cost Management, and Financials. The goal of the GFEBS program will be to encompass these processes under one “roof” so to speak. All of the Army’s transactions associated with these processes will eventually be handled in GFEBS. Upon full implementation GFEBS will process an estimated 8 million transactions per day, and have over 80 thousand users.

## How GFEBS is going to impact both you and me?

Once GFEBS is fully functional “we don’t think that there is a command out there that won’t be impacted somehow by GFEBS” Ms. Jones said early on in the presentation. There are six main areas in which users will see the impact of the new system. These areas include: data, analysis & decision making, processes, workforce, deployment, and crosswalks. Within these main areas users of the new system will have to adapt to new ways of doing business, and will be introduced to new formats for reporting in these areas.

The most obvious impact on data reporting will be a new Lines of Accounting (LOA) that are being linked to GFEBS. These LOA will be specific to the new system, and will take the place of the previous ones used in the legacy financial systems. The data that is currently in legacy systems will not be removed during GFEBS implementation; instead “master data” will be created and entered into the GFEBS system. Within this master data, not only will the data be ported over from legacy systems, but two new central concepts will be included. These concepts are the creation of fund centers to distribute formal funds, and cost centers to distribute informal funds. Data is now going to be visible across the entire

Army, giving leaders and decision makers the opportunity to access one comprehensive system to give them the answers they need to support funding of the Warfighter. One last important impact to data reporting will be how users will be able to view data sets. In the past most systems allowed the user to view data by funding source, with the GFEBS system there will be new options available. Users will now be able to view data by Organization, Use, and by traditional funding source.

Centralized access to important financial data will provide new opportunities for analysis. In the past, the actual cost of Army services and products could not truly be captured in a comprehensive manner. With GFEBS users will now enjoy the ability to take any amount of data, and create different analysis to answer important financial questions. With the support of new analytical information, current Army practices such as the Planning, Programming, Budget and Execution (PPB&E) will be enhanced. More importantly decision makers will now be able to answer questions such as “What are the Best Practices to lower costs?” with the support of analytical data.

The change to business processes may be the most significant change associated with GFEBS. Currently the process required to enter data is different across the Army National Guard, Active Army, and Army Reserve. GFEBS will streamline all three components and create a unilateral system for not only data entry but for all the business process mentioned earlier. One feature that will be new to many organizations will be the addition of a “hard-stop” for fund control. The user will not be able to obligate new funds once the internal funding has been reached. There will also be an internal warning system once funding has reached ninety percent of capacity. Another change will be in reimbursables, many organizations are familiar with the Military Interdepartmental Purchase Request (MIPR), although they are used often across many organizations, and once GFEBS is implemented the MIPR will no longer be used. Instead within the GFEBS interface, users will create a direct purchase request that will automatically document and be sent to the concerned organizations. The direct purchase process will allow for easier reporting and controlling of interagency transactions. The last update to business processes will be a much more automated system of year end closings. Ms. Jones summed up the GFEBS solution by stating that, “once the new system is in place we should be able to perform year end closing in a couple of days, instead of the weeks or months it takes right now.”

– RM –

## Manpower Modeling, Concept Plan Guidance, and Manpower Actions

By Ms. Nicole M. McClenic

“Army military structure is changing – growing, while concurrently rebalancing between operating and generating forces.

As the composition of the force evolves, civilian workforce structure is expected to both grow and adapt to complement these changes...” Mr. Geoffrey Carpenter stated at a 2009 Army Day Workshop titled Manpower Modeling, Concept Plan Guidance, and Manpower Actions.

Mr. Scott Flood, Mr. Edward Scott, and Mr. Geoffrey Carpenter shared relevant and timely information regarding manpower issues. The presenters discussed improved manpower requirements development model, encouraged a review of current Army regulation regarding Force development, and provided an overview of challenges for Fiscal Year 2010-2011. These leaders from the Army’s Manpower community focused on improving the Army’s ability to predict and respond to manpower needs.

Mr. Scott Flood, Chief of the Manpower and Organizational Modeling Division at the U.S. Army Manpower Analysis Agency (USAMAA) was the first speaker. Mr. Flood shared with the audience the changes in Manpower Modeling. He is responsible for oversight on Institutional Army Manpower Modeling.

According to Mr. Flood, Manpower Modeling is a subset in the overarching manpower requirements determination analysis process. He explained that the Army emphasized that a Manpower Model is a tool used to calculate an expected level of manpower needed to generate an estimated workload.

The Army’s Manpower Staffing Standards System, AR 70-5 (MS-3) was rescinded, and the Army is using a Consolidated Manpower Requirements Determination Methodology. This new methodology enables flexible use different techniques, which will lead to a better understanding of manpower-workload relationships. Using this improved methodology, manpower requirements analysis should answer a standard set of seven questions:

1. What work functions and tasks are required by an organization?
2. Why does the organization do that work?
3. How are the work functions and associated tasks done?
4. How often does the organization have to do the work?
5. What external factor drives the frequency of the work functions and tasks?
6. How long do the work functions and tasks take to accomplish?
7. What influences the time it takes to accomplish the work functions and tasks?

He emphasized that organization should use a variety of data collection methods such as history, interviews, and rely on authoritative sources, including the Army Stationing and Installation Plan (ASIP), the Army Program Objective Memorandum (POM), and the Inspector General Assistance Reporting System (IGARS). The goals of manpower analysis is to understand the relationship between manpower and workload; and to generate recommended staffing levels in the form of organizational charts, allocation rules, workload-driven manpower requirements, process mapping, and streamlined organizational functions and throughput. The holy grail of generating suitable manpower requirements, according to Mr. Flood, is to recognize that manpower is an input and not an output. Manpower requirements determination methodology is a circular process involving planning; process analysis; data analysis and validation; recommendations; and approved, documented requirements.

The Army’s Manpower Model seeks to expand the manpower community’s analytical toolbox to allow for new approved, alternative approaches to developing manpower requirements; and to enable better sensitivity analysis to inform decision makers and to result in analysis that are more complementary with other uses of information such as Lean Six Sigma (LSS) studies and organizational standardization and redesign. Continuous collaboration is the Key to Success—USAMMA and other organizations must share manpower expertise. Organizations must provide the majority of business expertise and maintain authoritative data sources while USAMMA provides overarching guidance and development of the model as well as provide final regulatory authority. This sharing of responsibility will enable organizations with analytical capabilities to apply organic knowledge to solving local manpower issues.



In addition to using a consolidated manpower requirements determination methodology, the Army uses concept plans to significantly change or increase manpower requirements. The second presenter Mr. Edward Scott discussed the use of Concept Plans and studies to validate and adjust manpower requirements. Mr. Edward Scott is the Chief of Program Budget Guidance Branch, Manpower, and Documentation Division, Force Management Directorate, DSC G-3/5/7. Mr. Scott is responsible for the programming and accountability of a million military, civilian, and contractor manpower in the U.S. Army, Army National Guard, and Army Reserves through the Planning, Programming, Budgeting, and Execution System. His presentation concentrated on providing information on the policies and procedures the Army uses to program and budget for personnel for the Institutional Army.

Mr. Scott encouraged the audience to review the Army Regulations on Force Development and Documentation –Consolidated Policies (AR 71-32), which defines policies and responsibilities for the development and documentation of Army personnel and equipment requirements, authorizations, and associated force management activities. Concept plans provide organizations with the opportunity to explain the need for changes in organizational structure by identifying specific capabilities and efficiencies the Army will gain by either creating new functions or reorganizing current functions. He referenced the DAMO-FMP Memo, Concept Plan Guidance, and dated 7 September 2006, which states that historically, Army used concept plans to request approval of organizational structure, manpower, and equipments requirements. In keeping with the Army's improved methodology for developing manpower requirements, the concept plan should also include a resourcing strategy for manpower and equipment. As the Army's structure continues to change and manpower requirements development process expands, it is critical that professionals responsible for developing these requirements embrace and incorporate these strategies to reflect more accurately manpower-workload requirements.

Mr. Scott stressed that the goal of improving the way the Army develops requirements is to streamline the process. If an organization wants to increase the personnel requirements by one, the organization must submit a model, concept plan, or study to justify the increase. He also informed the audience that Concept Plans are required for any additional contractor requirements; Concept plans are not required for the directed civilian in sourcing.

After reviewing requirements development methodology and concept plan guidance, the final workshop presenter, Mr. Geoffrey Carpenter, Chief, Manpower Allocation Division, Plans and Resource Directorate, ODCS-G1 provided an organizational

overview of the Manpower Allocation Division, and identified the manpower related challenges facing the Army for Fiscal Year (FY) 2010-2011. The manpower allocation division is an Army Staff element with principle responsibility for civilian workforce structure and budget issues.

This division develops costing methodology and resource requirements needed to develop a strong civilian workforce; integrates organizational and programmatic guidance with civilian structure and pay implications into the budget; coordinates military support to Joint and Defense Agencies, and ensures compliance with sound fiscal management principles.

Mr. Carpenter categorized the Army's FY 2010-2011 challenges in terms of Force structure changes, strategic initiatives, and changes in costs of compensation. Force structure changes include growth in Military end-strength, Generating force military end-strength reductions, and civilian grade, skill, and branch rebalancing. Force structure changes will require additional civilian structure to provide a support "tail" for military "tooth". Rebalancing will require a civilian structure or contractors to maintain capabilities previously provided by military and areas that are critical to Army operations.

Strategic initiatives include streamlining functional support, reviewing the contractor workforce, updating requirements associated with Base Realignment and Closure (BRAC) activities and the Global Posture Force. Further, Mr. Carpenter explained that the changing composition and distribution of the civilian workforce is driving changes in the cost of compensation. Forecasting future requirements, changing workforces, and the advent of pay banding, such as the National Security Personnel System, and Lean Six Sigma and change management are just some of the influences that drive changes in cost of compensation.

The Army continues to improve manpower and force development requirements development, and this workshop not only provided information on improved manpower modeling, but it also demonstrated the importance of coordination between several organizations. The collegial relationship between the presenters shows a commitment to providing a coordinated effort in managing the growing Army military, civilian, and contracting workforce.

#### **About the Author:**

*Ms. Nicole McClenic is a Financial Management Analyst Intern for the Office of the Assistant Secretary of the Army (Financial Management and Comptroller)*

– RM –





## Army In-sourcing

By: Lance E. Wiprud

As the current Congress and Obama administration sets goals of creating transparency in governmental operations while simultaneously cutting wasteful spending and no-bid contracting, in-sourcing has become a popular process in the Department of Defense (DoD). In-sourcing is the act of converting contracted positions into federal government ones and in many instances saving the United States government a substantial amount of money (according to the Army, it has achieved an average savings of \$48,000 per in-source). At the 2009 Professional Development Institute's (PDI) Army Day hosted by the American Society of Military Comptrollers in San Antonio, TX, Dr. John C. Anderson of the Office of the Assistant Secretary of the Army, Manpower and Reserve Affairs discussed to an audience in detail the strategic environment and statutory requirements of in-sourcing within the Department of the Army.

Trends of out-sourcing and in-sourcing within the federal government are not new phenomena. Acquisition reform of the late 1990's made the conversion of federal positions to private contractors easier for the Department of Defense and was almost universally viewed as a positive occurrence. It was widely considered more efficient to use contractors with specialized skill sets to fill the place of federal employees for a wide variety of positions. For example, from FY99 to FY08 the Army experienced a 198% increase in service contract obligations. However, an economy in recession and rising national debt has made our elected leaders more cognizant of the fiscal costs of contracting, especially in positions that are considered inherently governmental, closely inherently governmental or ones that perform personal services.

Dr. Anderson gave his audience an example of how contracted positions could become inherently governmental. Suppose an office consists of twenty contractors and only one federal employee. It isn't unreasonable to assume the contractors have a substantial amount of influence over the federal worker's decision making

and because of this would be considered inherently governmental. Similarly, contractors can fall under the personal services category if a clear employer – employee relationship arises between a federally employed supervisor and a contractor. Dr. Anderson noted however, that there are three specific instances that personal service contracts are permitted: experts and consultants (as determined by the Army Acquisition Service), patient care in military medical treatment facilities and intelligence and special operations.

Recently, Congressional committees have been proactive in instituting policies to make in-sourcing more desirable. For instance, on 12 February 2009 the House Appropriations Subcommittee on Defense (HAC-D) held a hearing to address the rising concerns of contracting and in-sourcing within DoD. The HAC-D committee restored approximately \$1.4B in Army Operations and Maintenance (O&M) funding based on progress made in in-sourcing and what it viewed as the effective use of Contractor Manpower Reporting (CMR). The result of the committee was the 2008 National Defense Authorization Act (NDAA), with two special considerations for the in-sourcing of contracted positions in §324 & §807.

NDAA 2008 §324 requires "the Under Secretary of Defense for Personnel and Readiness to develop guidelines and procedures to ensure that the Department considers using DoD civilian employees to perform new functions or functions that are performed by contractors". Further, §324 reversed the OMB (Office of Management and Budget) Circular A-76 and gives

special consideration for in-sourcing for any function that has been performed by a Department of Defense civilian employees at any time during the previous 10 years, is a function closely associated with performance of an inherently governmental function, has been pursuant to a contract awarded on a non-competitive basis or has been performed poorly by a contractor due to excessive costs or inferior quality work. As a final step, §324 prohibits limitations or restriction on the number of activities that may be in-sourced, opening it up to virtually all areas. To help determine whether a position falls under inherently, personal services or falls under any other requirements listed under §324 Dr. Anderson has developed





a useful checklist that streamlines the process. According to Dr. Anderson, the checklist “must be prepared by requiring activity and focus on how contract will operate and not just the written Statement of Work (SOW)”. Before an action is processed it must also fall under review by the Army Audit Agency.

NDAA 2008 §807 established the Secretary of the Army Annual Review of Contract Services Inventory to search for inherently governmental and personal services. This section is intended to create more transparency in contracting by requiring the listing of the terms of each contract and is reported to Congress annually. Dr. Anderson explained that the specifics of these terms are the missions and functions performed by the contractor, the contracting organization, what component of the DoD administering the contract and its requiring activity, the funding source by appropriation and operating agency, the fiscal year the activity first appeared on inventory, the number of full time contract equivalents paid for performance of activity (defined by the Government Accountability Office as 2080 hours of work), personal services determinations and federal procurement data system information such as contract number, the type of contract and if it was competitive or the sole source. With this information in hand the Secretary of the military departments are then required to review the inventory within 90 days of submission to check for unauthorized personal services, inherently governmental functions, those closely associated with governmental functions or positions that should be considered for conversion to DoD civilian employee performance.

Due to a lack in proficient personnel to handle necessary acquisition functions 10USCS §2383 provides consideration for filling contracting positions for inherently governmental acquisition positions if it meets the following criteria:

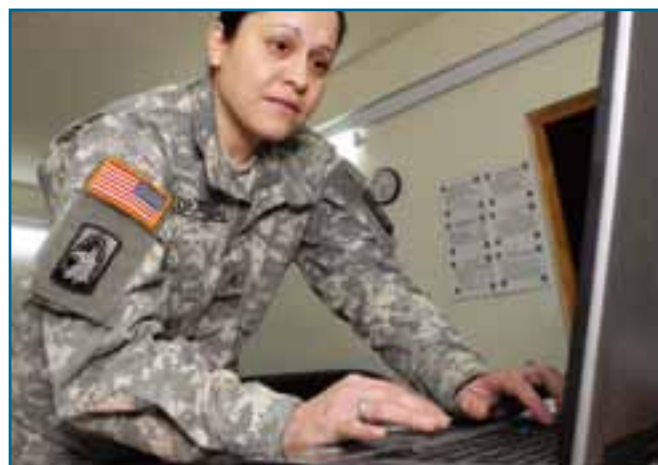
- Military or civilians cannot reasonable be made available to perform the functions
- Appropriate military or civilians supervise the contract performance and perform inherently governmental functions
- Agency addresses any potential organization conflict of interest of the contractor in performance of the functions under the contract
- Defines closely associated with inherently governmental functions based on Federal Acquisition Regulation (FAR)

Dr. Anderson explained that Congress will take further action in NDAA 2010 “regarding their perception that we have excessively contracted inherently governmental/personal services.” Current legislation regarding the promotion of in-sourcing being introduced by Congress include the “Clean Up Act”, a bill sponsored by John Sarbanes (D-MD) that has been co-sponsored by over of his fifty colleagues in the House of Representatives. The total result of the in-sourcing of previously contracted positions remains to be seen at current time. However, considering the current legislation being put forth in the Congress with approval from the White House it is likely that a significant number of currently contracted Army positions will become federal civilian ones in the future.

For more information on the Army’s in-sourcing policies and procedures please visit the Assistant Secretary of the Army, Manpower and Reserve Affairs’ website at <http://www.asamra.army.mil/insourcing/>.

#### **About the author:**

*Mr. Lance E. Wiprud, is a Financial Management Analyst (HQDA Intern) with the Deputy Chief of Staff for Resource Management in Fort Monmouth, NJ and is currently assigned to Program Manager Future Combat Systems (Brigade Combat Team) Network Systems Integration. Mr. Wiprud is a graduate of George Mason University where he holds a bachelor’s degree in Government and International Politics.*





## DoD Civilian Expeditionary Workforce

By: Ryan McKalip

On May 27, 2009 Marilee Fitzgerald, Principle Director, Office of the Deputy Under Secretary of Defense for Civilian Personnel Policy spoke at the 2009 PDI in San Antonio, Texas about the DoD Civilian Expeditionary Workforce (CEW). CEW was developed around Congress's desire to be better able to understand the workforce needs of DoD under DoD 1404.10, and have an estimate of these needs projected out ten years. The demands on personnel created through two wars and numerous natural disasters have created a need for a larger and more stable pool of people that are ready at a moment's notice for deployment to foreign locations or disaster sites than previously necessary.

The approach to CEW was found through Strategic Human Capital Management, the process through which an organization acquires and develops staffs (including its leaders) whose size, skills and deployment capabilities meet the organization's current and future mission needs. This includes:

### Building on Components that are already in place

- **New coordinating OSD Functional Community Managers (FCMs) to be appointed by the USDs for specific occupational groupings**
- **Components to retain command and control of FCMs to ensure the health of Component Career Fields**
- **OSD FCMs to monitor functional community progress in the implementation of DoD's SHCM planning guidance**
- **Senior level and functionally knowledgeable FCMs**

The structure of the CEW shows this transformation into a more stable and ready workforce. Whereas in the past the civilian workforce had Emergency Essential personnel ready at a moment's notice and Ad-Hoc personnel that could fill requirements as needed, the new structure of CEW has a far larger portion of the civilian workforce that can be made ready. The categories under this new framework include the Emergency Essential personnel, Non-combat Essential (those that are hired into a position in which deployability is required as a condition of employment), and Capability Based Volunteers, which fall into the categories

of employee volunteers and former employee volunteers and are kept in a database and called on as needed. If a Capability Based Volunteer turns down deployment three times in a row they are removed from the database and not asked to volunteer again. Integrated into all three of these categories is the Language Corps, which will be called upon when their particular skills are necessary.

This new pool of civilians that fall under CEW would be tracked by two indexes meant to ensure readiness at all times. The first index is the Expeditionary Readiness Index. This index determines and tracks the percent of the employees that are ready for deployment. This includes all CEW employees having annual medical, dental, and physical checkups, the 4-week Orientation training upon designation, the 14 day annual refresher training, the "Just In Time" training, and all necessary clearances, passports, CAC Cards and other related documentation. The second index is the Deployment Index, which determines and tracks the percentage of the available CEW within the designated career groups as determined by the validated requirements from Combatant commands directing DoD missions. This is the index used to determine who is available to deploy at any given point in time.

The CEW also has several key policy proposals that are meant to draw personnel and protect them from reprisal from their original command. For position based personnel this includes the right to be reassigned if practicable or removed if not when unwilling or unable to serve; complying with the Rehabilitation Act of 1973 in cases of disabilities; the right to return to the position of record; supervisory requirement to release employees unless there is a negative impact on the mission, and the right to military level medical care while deployed. At the same time capability based personnel, the volunteers and retired staff, are entitled to the exact same proposals as capability based, with the exception is the volunteer turns down the offer to volunteer three consecutive times they are removed from the database and not asked to serve again.

There are many reasons for the implementation of CEW in DoD. This new process will ensure that civilians are a sourcing solution while institutionalizing a planning and sourcing process. It will also create a new form of HR advisor for the CoCOMs and link component and OSD Functional Community Managers in processes. Finally CEW will establish CPP/CPMS Readiness Unit as a single POC to coordinate expeditionary requirements while also linking DUSD (CPP) to sourcing and DepOrds decisions. CEW is the next progression on the road to smooth civilian deployment and integration. While the first Phase is nearing completion, Phase II is expected to begin this Spring to Fall with the draft of the CEW DoD Instruction expected to be sent out in the Fall of 2009.



# Chief Financial Officer (CFO) Academy



The Information Resources Management (IRM) College of National Defense University, in partnership with the Under Secretary of Defense (Comptroller)/Chief Financial Officer, has created the new Chief Financial Officer (CFO) Academy. The academy, located on NDU's campus at Fort Lesley J. McNair (Washington DC), offers leadership courses toward the new CFO Leadership Certificate. With endorsement from the Federal CFO Council, the certificate program is designed to develop the next generation of leaders in government financial management. This new certificate leverages the IRM College's current leadership courses while concentrating on the challenges and opportunities facing members of the government financial community, including personnel who work in accounting and finance, budget and cost analysis, auditing, and resource management.

## Successful graduates of the CFO Leadership Certificate can:

- Lead within and across organizational boundaries by leveraging financial management strategies, policies, and processes.
- Link critical decisions regarding resources, people, processes, and technologies to mission performance, business outcomes, and financial system security requirements.
- Balance continuity and change in the development, implementation, and evaluation of financial management strategies, processes, and policies, while meeting legislative and executive mandates.
- Commit to on-going leadership development of self and others in their organizations.

## Courses

1. **Auditing, Internal Controls, & Risk**  
\* Under development, will be scheduled in Academic Year (AY) 2009/2010.  
\* Enrollment restricted to accepted students in the CFO Leadership Certificate Program.
2. **Decision Support, Strategies & Tools\***  
\* Under development, will be scheduled in Academic Year (AY) 2009/2010.  
\* Enrollment restricted to accepted students in the CFO Leadership Certificate Program.
3. **ARC - Enterprise Architectures for Leaders (6412)**
4. **BBC - Building an IT Business Case (6430)**
5. **BFM - Federal Budgeting and Financial Management for Strategic Leadership (6417)**
6. **CFF - The Changing World of the CFO (6601)\***
7. **COO - Continuity of Operations (6504)**
8. **ESP - Enterprise Strategic Planning (6320)**
9. **ESS - Enterprise Information Security and Risk Management (6206)**
10. **GBE - Government Business Enterprise Transformation (6501)**
11. **ITP - Information Technology Project Management (6416)**
12. **LDC - Leadership for the Information Age (6301)**
13. **MAC - Multi-Agency Information-Enabled Collaboration (6512)**
14. **MOP - Measuring Results of Organizational Performance (6316)**
15. **PFM - Capital Planning and Portfolio Management (6315)**
16. **PRI - Strategies for Process Improvement (6333)**

Applicants must have at least a bachelor's degree from a regionally accredited institution, rank/grade of GS-14 or O-5 or equivalent with three years of financial management experience, and documented knowledge of financial management.

Nomination letters from CFOs must address the applicant's leadership potential and attest to his or her knowledge of financial management as evidenced by undergraduate or graduate degrees in a business field, C.P.A., or Certified Government Financial Management or Certified Defense Financial Management.

## Eligibility Criteria

- Pay Grade/Rank: Federal civilian government employees must be at least GS/GM-14 or equivalent, and military officers must hold at least the grade of O-5. Non-federal government employees, to include state and local government employees, must be of an equivalent grade.
- Experience: Three years of federal financial management experience is required.
- Documented Knowledge of Financial Management: Undergraduate or Graduate degree in finance or business field, CPA, CGFM or CDFM.
- Education: All students must possess a bachelor's degree from a regionally accredited institution.



## Application Information

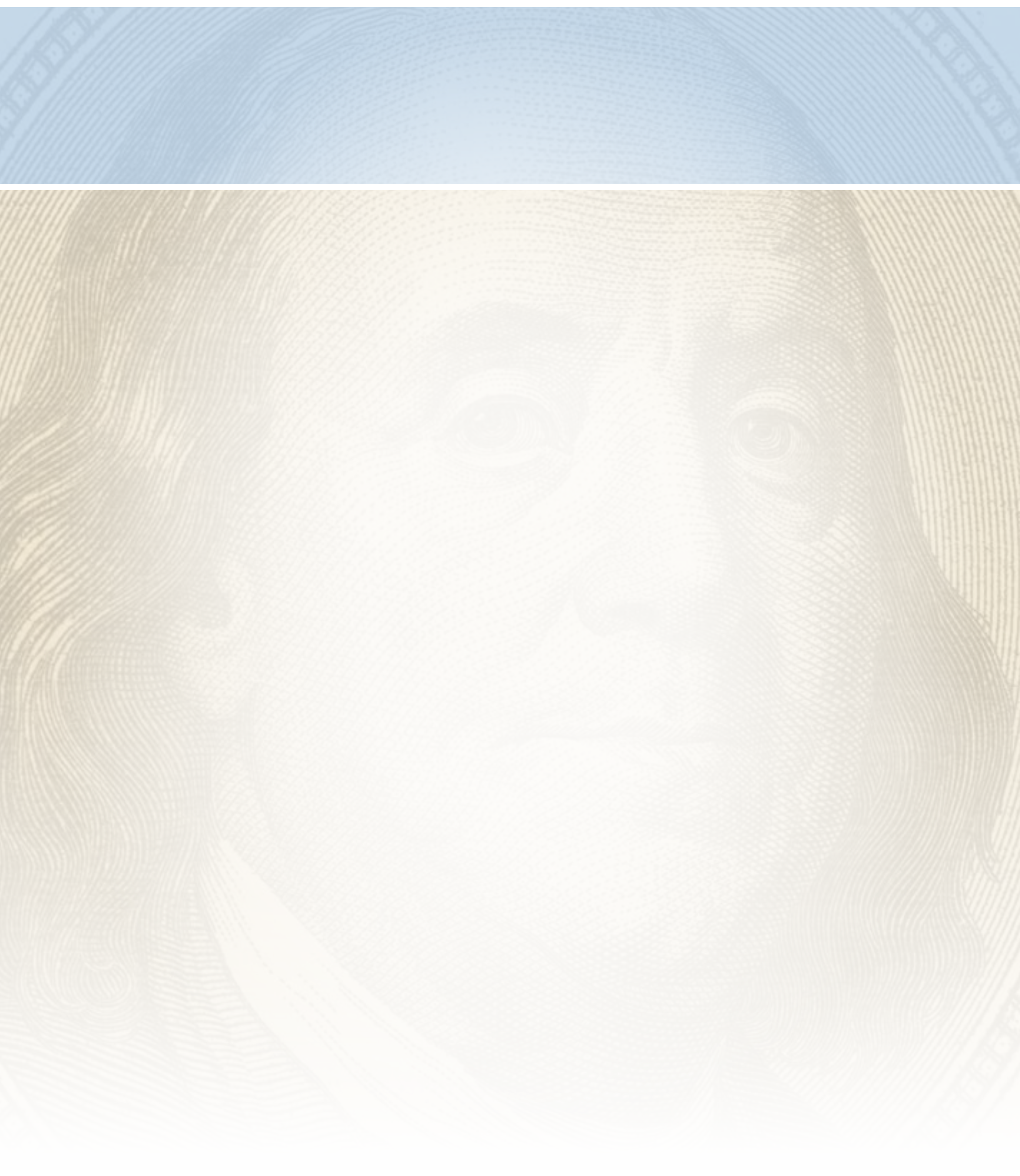
Applying for the CFO Leadership Certificate is temporarily a paper process. Please do not apply through the regular IRM College on-line application, or you will not be processed for this program. You may download the application and supporting forms (with complete instructions) here: ([http://www.ndu.edu/irmc/pcs\\_cfo.htm](http://www.ndu.edu/irmc/pcs_cfo.htm))

*Please contact your agency CFO office or Dr. Elizabeth McDaniel ([mcdaniel@ndu.edu](mailto:mcdaniel@ndu.edu), 202-685-3884) with questions or for more information.*

– RM –











## ACC 09-III

13-31 July 2009

(left to right)

*Back Row: Calma Edwards, Lisa Howard, Brian Rogers, Sean Burger, Jesse King, Aaron Thomasy, Stan Young, Jim Weaver, Wm Craig Wright, John Portis, Shannon Kester, Tom Willson*

*Middle Row: Sandra Hall\*, Nicole McClenic, Deborah Yee, Angela Tracy, Joy Carter, Katrina Wetselline, Latrice Wilson, Jeffrey Shafer\*, Molly Weaver, April Nickerson, Michele Burch, Patrick Dailey, Edith Berry, Ty Young*

*Seated: Rachel Morales, Vince Watkins, Larry Iwanski, Gregory Sanders, Adrian Plater, Nana Ofori-Ansah, Marvin Rojas, Jessica Wiley*

*\*CLASS LIAISON*



## ECC 09-III

June 08- 26, 2009

*Front Row: Inja Hendricks, Carrie Helms, Sung Ae Chung, Debbie Dougherty, Marian Freeman, Liz Lambert*

*Second Row: Kristopher Li, Quentin Johnson, Margie Roman, Janice Zheng, Jessie Baird, Sue Klemm, Valerie Barela-Herrera, Bridgette Payton, Zora Rebulanan*

*Third Row: Suzanne Kist, Dennis Harris, Reggie Bell, Shawn Lennon, Noah Cloud, Colin Weeks, \*Cornell Bosley, Marc van Oene, Lynwood Stewart Jr.*

*Back Row: Scott White, Travis Reid, Rob Rideout, Mark Bremer, Ernie Eddy, Debbie Uyeno, \*Aileen Nagai, Charlie Morse, Tom Willson*

*Bill Baker not pictured*

*\*CLASS LIAISON*



## **Army Civilian Corps Creed**

**I am an Army Civilian – a member of the Army Team**

**I am dedicated to our Army, our Soldiers and Civilians**

**I will always support the mission**

**I provide stability and continuity during war and peace**

**I support and defend the Constitution of the United States**

**and consider it an honor to serve our Nation and our Army**

**I live the Army values of Loyalty, Duty, Respect, Selfless Service,**

**Honor, Integrity, and Personal Courage**

**I am an Army Civilian**





RM



### Comptroller Proponency Office

Office of the Assistant Secretary of the Army  
(Financial Management and Comptroller)

Resource Management  
Professional development bulletin  
ISSN 0893-1828

ATTN: SAFM-PO, 109 Army Pentagon,  
Washington, DC 20310-0109

RESOURCE**MANAGEMENT**